

SENATE BILL NO. 197—SENATOR SETTELMAYER

FEBRUARY 28, 2013

Referred to Committee on Government Affairs

SUMMARY—Revises provisions governing the Nevada College Savings Program. (BDR 31-693)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to the Nevada College Savings Program; authorizing certain entities to establish savings trust accounts pursuant to the Program for the purpose of awarding scholarships; establishing certain limitations on designated beneficiaries of savings trust accounts; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

1 Existing law establishes the Nevada College Savings Program as a qualified
2 state tuition program under 26 U.S.C. § 529 to provide for the creation of certain
3 tax-exempt college savings accounts to assist students with qualified expenses for
4 higher education. (NRS 353B.300-353B.370)
5 **Section 1** of this bill authorizes the State or any political subdivision or agency
6 of the State, a local government or a nonprofit organization to establish under the
7 Program a tax-exempt savings trust account which may remain open in perpetuity
8 and from which such an entity may, on a continual and rolling basis, award
9 scholarships to one or more designated beneficiaries. **Section 1** further authorizes
10 such account owners to determine the criteria for awarding a scholarship from the
11 account and to defer naming any designated beneficiary of the account until such
12 time as the account owner determines that a person is eligible for a scholarship.
13 **Section 1** prohibits any person other than the State or any political subdivision or
14 agency of the State, a local government or a nonprofit organization who is an
15 account owner from establishing more than one account for a designated
16 beneficiary or naming more than one designated beneficiary for an account, and
17 requires such an account owner to name the designated beneficiary of the account
18 at the time the account is established.



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THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** Chapter 353B of NRS is hereby amended by adding
2 thereto a new section to read as follows:

3 1. *Except as otherwise provided in subsection 2, an account*
4 *owner:*

5 (a) *Shall not:*

6 (1) *Establish more than one savings trust account for a*
7 *designated beneficiary; or*

8 (2) *Name more than one designated beneficiary for a*
9 *savings trust account.*

10 (b) *Shall name a designated beneficiary of a savings trust*
11 *account at the time the account is established.*

12 2. *To the extent authorized by 26 U.S.C. § 529, an account*
13 *owner who is the State or a political subdivision or agency thereof,*
14 *a local government or a nonprofit organization may, as part of a*
15 *scholarship program, establish a savings trust account which may*
16 *remain open in perpetuity and from which the account owner*
17 *may, on a continual and rolling basis, award scholarships to*
18 *beneficiaries. An account owner who establishes a savings trust*
19 *account pursuant to this subsection may:*

20 (a) *Award a scholarship from a savings trust account to one or*
21 *more designated beneficiaries;*

22 (b) *Determine the criteria for awarding a scholarship from a*
23 *savings trust account; and*

24 (c) *Defer naming any designated beneficiary of a savings trust*
25 *account until such time as the account owner determines that a*
26 *person is eligible for a scholarship.*

27 3. *Nothing in this section shall be deemed to restrict or*
28 *otherwise abrogate any right of an account owner to add a*
29 *designated beneficiary to or remove a designated beneficiary from*
30 *a savings trust account or designate a successor to the account*
31 *pursuant to 26 U.S.C. § 529.*

32 4. *The State Treasurer shall adopt regulations necessary to*
33 *carry out the provisions of this section.*

34 5. *As used in this section:*

35 (a) *“Account owner” means a person who enters into a*
36 *savings trust agreement and establishes a savings trust account*
37 *pursuant to this section and NRS 353B.300 to 353B.370, inclusive.*

38 (b) *“Designated beneficiary” has the meaning ascribed to it in*
39 *26 U.S.C. § 529(e)(1).*

40 (c) *“Nonprofit organization” means an organization that is*
41 *recognized as exempt from taxation pursuant to 26 U.S.C. §*
42 *501(c)(3).*



1 *(d) "Person" includes a government, governmental agency or*
2 *political subdivision of a government.*

3 **Sec. 2.** NRS 353B.300 is hereby amended to read as follows:
4 353B.300 As used in NRS 353B.300 to 353B.370, inclusive,
5 *and section 1 of this act*, unless the context otherwise requires,
6 "Trust Fund" means the Nevada College Savings Trust Fund created
7 by NRS 353B.340.

8 **Sec. 3.** This act becomes effective:

9 1. Upon passage and approval for the purposes of adopting
10 regulations and performing any other preparatory administrative
11 tasks that are necessary to carry out the provisions of this act; and

12 2. On July 1, 2013, for all other purposes.

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