

1 AN ACT relating to the Kentucky Educational Savings Plan Trust.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 164A.305 is amended to read as follows:

4 As used in KRS 164A.300 to 164A.380, except where the context clearly requires another
5 interpretation:

6 (1) "Act" means the Kentucky Educational Savings Plan Trust Act codified at KRS
7 164A.300 to 164A.380;

8 (2) "Administrative fund" means the funds used to administer the Kentucky
9 Educational Savings Plan Trust;

10 (3) "Beneficiary" means:

11 (a) Any person designated at the commencement of participation by a
12 participation agreement to benefit from payments for education costs at an
13 educational institution;

14 (b) The new beneficiary, in the case of a change of beneficiaries pursuant to KRS
15 164A.330(4); or

16 (c) The scholarship recipient, in the case of a participation agreement entered into
17 as part of a scholarship program operated by a state or local government
18 organization or an organization described in Section 501(c)(3) of the Internal
19 Revenue Code, 26 U.S.C. sec. 501(c)(3), that is exempt from federal income
20 taxation pursuant to Section 501(a) of that code;

21 (4) "Benefits" means the payment of education costs on behalf of a beneficiary by the
22 savings plan trust during the beneficiary's attendance at an educational institution;

23 (5) "Board" means the board of directors of the Kentucky Higher Education Assistance
24 Authority;

25 (6) "Educational institution" means an eligible educational institution under 26 U.S.C.
26 sec. 529(e)(5) or an elementary or secondary public, private, or religious school;

27 (7) "Institution of higher education" means an institution as defined in Section

- 1 529(e)(5) of the Internal Revenue Code of 1986, as amended;
- 2 (8) "Kentucky Educational Savings Plan Trust" or "savings plan trust" means the trust
3 created pursuant to KRS 164A.310;
- 4 (9) "Participant" means an organization described in Section 501(c)(3) of the Internal
5 Revenue Code, 26 U.S.C. sec. 501(c)(3), that is exempt from federal income
6 taxation pursuant to Section 501(a) of that code, an individual, firm, corporation, a
7 state or local government organization, or a legal representative of any of the
8 foregoing who has entered into a participation agreement pursuant to KRS
9 164A.300 to 164A.380 for the advance payment of educational costs on behalf of a
10 beneficiary;
- 11 (10) "Participation agreement" means an agreement between a participant and the
12 savings plan trust, pursuant to and conforming with the requirements of KRS
13 164A.300 to 164A.380;
- 14 (11) "Program administrator" means the administrator of the savings plan trust appointed
15 by the board to administer and manage the trust;
- 16 (12) "Program fund" means the program fund established by KRS 164A.335 which shall
17 be held as a separate fund within the savings plan trust;
- 18 (13) "Qualified educational expenses" means:
- 19 (a) With regard to higher education expenses, the costs specified in 26 U.S.C. sec.
20 529(e)(3) for attendance at an institution of higher education;~~[-and]~~
- 21 (b) With regard to elementary and secondary education expenses, tuition of up to
22 ten thousand dollars (\$10,000) per year in connection with enrollment or
23 attendance at an elementary or secondary public, private, or religious school;
- 24 (c) With regard to qualified education loan repayments, the amounts paid as
25 principal or interest on any qualified education loan, as defined in 26
26 U.S.C. sec. 221(d), of the beneficiary or his or her sibling, not to exceed an
27 aggregate amount of ten thousand dollars (\$10,000) per person; and

1 (d) With regard to registered apprenticeship programs, expenses for fees,
2 books, supplies, and equipment for participation in an apprenticeship
3 program registered and certified with the United States Secretary of Labor.

4 (14) "Tuition" means the quarterly or semester charges imposed to attend an educational
5 institution and required as a condition of enrollment; and

6 (15) "Vested participation agreement" means a participation agreement which has been
7 in full force and effect during eight (8) continuous years of residency of the
8 beneficiary in the Commonwealth while participating in the savings plan trust.