

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 281

Introduced by Kolowski, 31.

Read first time January 15, 2015

Committee: Education

- 1 A BILL FOR AN ACT relating to education; to amend section 85-1806,
- 2 Reissue Revised Statutes of Nebraska; to adopt the Child Support for
- 3 College Savings Act; to harmonize provisions; and to repeal the
- 4 original section.
- 5 Be it enacted by the people of the State of Nebraska,

1 Section 1. Sections 1 to 4 of this act shall be known and may be
2 cited as the Child Support for College Savings Act.

3 Sec. 2. (1) The Legislature finds that:

4 (a) In many cases when child support is owed and unpaid by a
5 noncustodial parent, the custodial parent may qualify for and receive
6 payments from the state pursuant to the aid to dependent children program
7 to make up for the unpaid child support;

8 (b) In such cases, the noncustodial parent may resume paying and
9 become current on child support owed; and

10 (c) In such cases, amounts paid to the custodial parent pursuant to
11 the aid to dependent children program continue to constitute a debt to
12 the state owed by the noncustodial parent.

13 (2) It is the intent of the Legislature to provide a means for
14 noncustodial parents described in subsection (1) of this section to
15 reduce or eliminate the debt described in subdivision (1)(c) of this
16 section by making contributions to a college savings account described in
17 sections 85-1801 to 85-1814.

18 Sec. 3. For purposes of the Child Support for College Savings Act,
19 unless the context otherwise requires, the definitions found in section
20 85-1802 apply and (1) arrears means the debt described in subdivision (1)
21 (c) of section 2 of this act and (2) college savings account means an
22 account for the purpose of meeting the qualified higher education
23 expenses of a beneficiary as allowed by section 529 of the Internal
24 Revenue Code.

25 Sec. 4. The Child Support for College Savings Program is created.
26 To implement the program, the State Treasurer shall enter into a
27 memorandum of understanding with the Department of Health and Human
28 Services which shall include, but not be limited to, the following:

29 (1) A noncustodial parent owing arrears but current on his or her
30 child support obligation may open and make contributions to one or more
31 college savings accounts for any child of his or hers who is younger than

1 eighteen years of age;

2 (2) For purposes of sections 85-1801 to 85-1814, the owner of such
3 college savings account shall be the State of Nebraska and the
4 beneficiary shall be the child of such noncustodial parent. Each child of
5 such noncustodial parent may be the beneficiary of only one college
6 savings account for the purposes described in the Child Support for
7 College Savings Act, but such noncustodial parent may open and make
8 contributions to a college savings account for each of his or her
9 children. If such noncustodial parent has one or more college savings
10 accounts existing on the effective date of this act, contributions to
11 such account are not eligible for reduction of the arrears described in
12 subdivision (5) of this section;

13 (3) Such noncustodial parent shall continue to make his or her full
14 child support payment due, if any, each month in addition to any
15 contribution to such college savings account in order to qualify for
16 reduction of the arrears described in subdivision (5) of this section;

17 (4) For every dollar contributed by such noncustodial parent to each
18 such college savings account, the department shall forgive two dollars of
19 the arrears; and

20 (5) Any other provisions mutually agreed upon by the State Treasurer
21 and the Director of Children and Family Services of the Division of
22 Children and Family Services of the Department of Health and Human
23 Services to be included in the memorandum of understanding.

24 Sec. 5. Section 85-1806, Reissue Revised Statutes of Nebraska, is
25 amended to read:

26 85-1806 The Nebraska educational savings plan trust may enter into
27 participation agreements with participants on behalf of beneficiaries
28 pursuant to the following terms and conditions:

29 (1) A participation agreement shall authorize a participant to make
30 contributions to an account which is established for the purpose of
31 meeting the qualified higher education expenses of a beneficiary as

1 allowed by section 529 of the Internal Revenue Code. Except as provided
2 in section 4 of this act, a A participant shall not be required to make
3 an annual contribution on behalf of a beneficiary, shall not be subject
4 to minimum contribution requirements, and shall not be required to
5 maintain a minimum account balance. The maximum contribution shall not
6 exceed the amount allowed under section 529 of the Internal Revenue Code.
7 The State Treasurer may set a maximum cumulative contribution, as
8 necessary, to maintain compliance with section 529 of the Internal
9 Revenue Code. Participation agreements may be amended to provide for
10 adjusted levels of contributions based upon changed circumstances or
11 changes in educational plans or to ensure compliance with section 529 of
12 the Internal Revenue Code or any other applicable laws and regulations;

13 (2) Beneficiaries designated in participation agreements shall meet
14 the requirements established by the trustee and section 529 of the
15 Internal Revenue Code;

16 (3) Payment of benefits provided under participation agreements
17 shall be made in a manner consistent with section 529 of the Internal
18 Revenue Code;

19 (4) The execution of a participation agreement by the trust shall
20 not guarantee in any way that qualified higher education expenses will be
21 equal to projections and estimates provided by the trust or that the
22 beneficiary named in any participation agreement will (a) be admitted to
23 an eligible educational institution, (b) if admitted, be determined a
24 resident for tuition purposes by the eligible educational institution,
25 (c) be allowed to continue attendance at the eligible educational
26 institution following admission, or (d) graduate from the eligible
27 educational institution;

28 (5) Except as provided in section 4 of this act, a A beneficiary
29 under a participation agreement may be changed as permitted under the
30 rules and regulations adopted under sections 85-1801 to 85-1814 and
31 consistent with section 529 of the Internal Revenue Code upon written

1 request of the participant as long as the substitute beneficiary is
2 eligible for participation. Participation agreements may otherwise be
3 freely amended throughout their term in order to enable participants to
4 increase or decrease the level of participation, change the designation
5 of beneficiaries, and carry out similar matters as authorized by rule and
6 regulation; and

7 (6) Each participation agreement shall provide that the
8 participation agreement may be canceled upon the terms and conditions and
9 upon payment of applicable fees and costs set forth and contained in the
10 rules and regulations.

11 Sec. 6. Original section 85-1806, Reissue Revised Statutes of
12 Nebraska, is repealed.