

LEGISLATURE OF NEBRASKA
ONE HUNDRED SEVENTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 564

Introduced by McDonnell, 5.

Read first time January 19, 2021

Committee: Revenue

- 1 A BILL FOR AN ACT relating to the Nebraska educational savings plan
- 2 trust; to amend section 85-1802, Revised Statutes Cumulative
- 3 Supplement, 2020; to redefine qualified higher education expenses;
- 4 and to repeal the original section.
- 5 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 85-1802, Revised Statutes Cumulative Supplement,
2 2020, is amended to read:

3 85-1802 For purposes of sections 85-1801 to 85-1817:

4 (1) Administrative fund means the College Savings Plan
5 Administrative Fund created in section 85-1807;

6 (2) Beneficiary means the individual designated by a participation
7 agreement to benefit from advance payments of qualified higher education
8 expenses on behalf of the beneficiary;

9 (3) Benefits means the payment of qualified higher education
10 expenses on behalf of a beneficiary by the Nebraska educational savings
11 plan trust during the beneficiary's attendance at an eligible educational
12 institution;

13 (4) Eligible educational institution means an institution described
14 in 20 U.S.C. 1088 which is eligible to participate in a program under
15 Title IV of the federal Higher Education Act of 1965;

16 (5) Expense fund means the College Savings Plan Expense Fund created
17 in section 85-1807;

18 (6) Nebraska educational savings plan trust means the trust created
19 in section 85-1804;

20 (7) Nonqualified withdrawal refers to (a) a distribution from an
21 account to the extent it is not used to pay the qualified higher
22 education expenses of the beneficiary, (b) a qualified rollover permitted
23 by section 529 of the Internal Revenue Code where the funds are
24 transferred to a qualified tuition program sponsored by another state or
25 entity, or (c) a distribution from an account to pay the costs of
26 attending kindergarten through grade twelve;

27 (8) Participant or account owner means an individual, an
28 individual's legal representative, or any other legal entity authorized
29 to establish a savings account under section 529 of the Internal Revenue
30 Code who has entered into a participation agreement for the advance
31 payment of qualified higher education expenses on behalf of a

1 beneficiary. For purposes of section 77-2716, as to contributions by a
2 custodian to a custodial account established pursuant to the Nebraska
3 Uniform Transfers to Minors Act or similar law in another state, which
4 account has been established under a participation agreement, participant
5 includes the parent or guardian of a minor, which parent or guardian is
6 also the custodian of the account;

7 (9) Participation agreement means an agreement between a participant
8 and the Nebraska educational savings plan trust entered into under
9 sections 85-1801 to 85-1817;

10 (10) Program fund means the College Savings Plan Program Fund
11 created in section 85-1807;

12 (11) Qualified higher education expenses means the certified costs
13 of tuition and fees, books, supplies, and equipment required for (a)
14 enrollment or attendance at an eligible educational institution or (b)
15 for costs incurred on or after January 1, 2021, participation in an
16 apprenticeship program registered and certified with the United States
17 Secretary of Labor under 29 U.S.C. 50, as such section existed on January
18 1, 2021. Reasonable room and board expenses, based on the minimum amount
19 applicable for the eligible educational institution during the period of
20 enrollment, shall be included as qualified higher education expenses for
21 those students enrolled on at least a half-time basis. In the case of a
22 special needs beneficiary, expenses for special needs services incurred
23 in connection with enrollment or attendance at an eligible educational
24 institution shall be included as qualified higher education expenses.
25 Expenses paid or incurred in 2009 or 2010 for the purchase of computer
26 technology or equipment or Internet access and related services, subject
27 to the limitations set forth in section 529 of the Internal Revenue Code,
28 shall be included as qualified higher education expenses. Qualified
29 higher education expenses does not include any amounts in excess of those
30 allowed by section 529 of the Internal Revenue Code;

31 (12) Section 529 of the Internal Revenue Code means such section of

1 the code and the regulations interpreting such section; and

2 (13) Tuition and fees means the quarter or semester charges imposed
3 to attend an eligible educational institution.

4 Sec. 2. Original section 85-1802, Revised Statutes Cumulative
5 Supplement, 2020, is repealed.