



Senate Finance Committee

168 Main Capitol Building
Harrisburg, PA 17120-0036
(717) 787-4420

Senator Mike Brubaker
Chairman

Stephanie Buchanan
Executive Director
sbuchanan@pasen.gov

BILL SUMMARY

Legislation: House Bill 2202, P.N. 3551
Sponsor: Representative Greiner
Act Amended: Tuition Account Programs and College Savings Bond Act
Date: June 18, 2014

Synopsis

Amends the Tuition Account Programs and College Savings Bond Act, further providing for general provisions governing both tuition account programs and for State tax exemption.

Bill Summary

House Bill 2202 makes the following changes to the Tuition Account Programs and Savings Bond Act:

- Prohibits all college savings plans from being used as security for a loan
- Prohibits all college savings plans from being subject to attachment, levy, or execution by any creditor of any account owner or beneficiary
- Excludes the value of any college savings plan from counting towards student financial aid eligibility for any state-qualified tuition program
- Excludes qualified state tuition programs from inheritance tax

Effective date: 60 days

Current Law

The PA 529 Guaranteed Savings Plan (GSP) and PA 529 Investment Plan (IP) were created by Act 58 of 2000, which amended the Tuition Account Programs and Savings Bond Act. Act 58 also protected contributions and increases in value of PA residents' GSP or IP accounts from creditors of either the account owner or beneficiary. Furthermore, these amendments excluded the value of these assets from the determination of the beneficiary's eligibility for state student aid.

Currently, only PA residents' investment in a PA GSP or PA IP account have protection from creditors and exclusion from student aid eligibility benefits. This bill extends the existing benefits to a resident's investment in any other state-qualified tuition program plan.

Existing law exempts only PA GSP and PA IP accounts from inheritance tax. As amended on the House floor, this bill will extend the exemption to any qualified tuition program account.

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