

By: Representative Bourdeaux

To: Universities and  
CollegesHOUSE BILL NO. 1316  
(As Sent to Governor)

1 AN ACT RELATING TO THE MISSISSIPPI PREPAID AFFORDABLE COLLEGE  
2 TUITION (MPACT) PROGRAM; TO AMEND SECTION 37-155-5, MISSISSIPPI  
3 CODE OF 1972, TO REVISE CERTAIN DEFINITIONS RELATING TO THE  
4 PROGRAM; TO AMEND SECTION 37-155-7, MISSISSIPPI CODE OF 1972, TO  
5 CLARIFY THE NUMBER OF MEMBERS ON THE BOARD OF DIRECTORS OF THE  
6 MPACT PROGRAM TRUST FUND; TO AMEND SECTION 37-155-11, MISSISSIPPI  
7 CODE OF 1972, TO INCREASE THE MAXIMUM NUMBER OF YEARS FOR WHICH  
8 TUITION AND FEES MAY BE PAID UNDER THE MPACT SENIOR COLLEGE PLAN  
9 AND JUNIOR-SENIOR COLLEGE PLAN; TO AMEND SECTION 37-155-17,  
10 MISSISSIPPI CODE OF 1972, TO CLARIFY THAT THE PAYOR OF A PREPAID  
11 TUITION CONTRACT IS ENTITLED TO THE TAX BENEFITS ASSOCIATED WITH  
12 THE CONTRACT; TO AMEND SECTION 37-155-21, MISSISSIPPI CODE OF  
13 1972, TO DELETE THE REQUIREMENT THAT THE BOARD'S ANNUAL STATEMENT  
14 TO PURCHASERS BE FURNISHED BEFORE DECEMBER 1; AND FOR RELATED  
15 PURPOSES.

16 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MISSISSIPPI:

17 SECTION 1. Section 37-155-5, Mississippi Code of 1972, is  
18 amended as follows:

19 37-155-5. The following terms have the meanings ascribed to  
20 them in this section, unless the context clearly indicates  
21 otherwise:

22 (a) **Prepaid Tuition Contract.** A contract entered into  
23 between the Mississippi Prepaid Affordable College Tuition Program  
24 Board and a purchaser pursuant to this chapter.

25 (b) **Trust Fund.** There is created a special fund in the  
26 State of Mississippi Treasury Department to be designated as the  
27 "Mississippi Prepaid Affordable College Tuition Trust Fund"  
28 (hereinafter referred to as the trust fund or fund) and to be  
29 administered by the State of Mississippi Treasury Department. The  
30 fund shall consist of state appropriations, monies acquired from  
31 other governmental or private sources, and money remitted in  
32 accordance with prepaid tuition contracts. In the event that

dividends, interest and gains exceed the amount necessary for program administration and disbursements, the board may designate a percentage of the fund to serve as a contingency fund.

(c) **Purchaser.** A person, corporation, trust, charitable organization or other such entity that makes or is obligated to make advance payments in accordance with a prepaid tuition contract entered into pursuant to this chapter.

(d) **Beneficiary.** (i) The beneficiary of a prepaid tuition contract must be \* \* \* eighteen (18) years of age or younger at the time the purchaser enters into the contract and must be: (A) a resident of this state at the time the purchaser enters into the contract; or (B) a nonresident if the purchaser is a resident of this state at the time that the contract is entered into.

(ii) The board may require a reasonable period of residence in this state for a beneficiary or the purchaser.

(iii) A beneficiary is considered a resident for purposes of tuition regardless of the beneficiary's residence on the date of enrollment.

(e) **Institution of Higher Education.** Any public institution of higher learning or public community or junior college located in Mississippi.

(f) **Tuition.** The quarter, semester or term charges and all required fees imposed by an institution of higher education as a condition of enrollment by all students.

(g) **Board.** The Board of Directors of the Mississippi Prepaid Affordable College Tuition Program Trust Fund as provided in Section 37-155-7.

(h) **Legislature.** The Legislature of Mississippi.

SECTION 2. Section 37-155-7, Mississippi Code of 1972, is amended as follows:

37-155-7. **Board of Directors.** (1) The board of directors shall consist of thirteen (13) members as follows:

(a) Nine (9) voting members as follows: the State Treasurer; the Commissioner of Higher Education; the Executive Director of the Community and Junior College Board; Department of Finance and Administration Executive Director; and one (1) member

70 from each congressional district to be appointed by the Governor  
71 with the advice and consent of the Senate. One (1) member shall  
72 be appointed for an initial term of one (1) year; one (1) member  
73 shall be appointed for an initial term of two (2) years; one (1)  
74 member for an initial term of three (3) years; one (1) member for  
75 an initial term of four (4) years; and one (1) member for an  
76 initial term of five (5) years. On the expiration of any of the  
77 terms of office, the Governor shall appoint successors by and with  
78 the advice and consent of the Senate for terms of five (5) years  
79 in each case.

80 (b) Two (2) nonvoting, advisory members of the board  
81 shall be appointed by each of the following officers: the  
82 Lieutenant Governor and the Speaker of the House of  
83 Representatives. Successors to the appointed members shall serve  
84 for the length of the term for each appointing official and shall  
85 be eligible for reappointment, and shall serve until a successor  
86 is appointed. Any person appointed to fill a vacancy on the board  
87 shall be appointed in a like manner and shall serve for only the  
88 unexpired term.

89 (2) Each member appointed shall possess knowledge, skill  
90 and experience in business or financial matters commensurate with  
91 the duties and responsibilities of the trust fund.

92 (3) Members of the board of directors shall serve without  
93 compensation, but shall be reimbursed for each day's official  
94 duties of the board at the same per diem as established by Section  
95 25-36-69 and actual travel and lodging expenses as established by  
96 Section 25-3-41.

97 (4) The board of directors shall annually elect one (1)  
98 member to serve as chairman of the board and one (1) member to  
99 serve as vice-chairman. The vice-chairman shall act as chairman  
100 in the absence of or upon the disability of the chairman or in the  
101 event of a vacancy of the office of chairman.

102 SECTION 3. Section 37-155-11, Mississippi Code of 1972, is

amended as follows:

37-155-11. **Types of Plans.** The board shall make prepaid tuition contracts available for the: (1) junior college plan; (2) senior college plan; and (3) junior-senior college plan.

(a) **Junior College Plan.** Through the junior college plan, a prepaid tuition contract shall provide tuition and required fees for the beneficiary to attend a public community or junior college for a specified number of undergraduate credit hours not to exceed the typical full-time hourly course load as defined by the institution for tuition payment purposes or up to a maximum of two (2) years required for a certificate or an associate degree awarded by a public community or junior college.

(b) **Senior College Plan.** Through the senior college plan, a prepaid tuition contract shall provide prepaid tuition and required fees for the beneficiary to attend a public senior college or university for a specified number of undergraduate credit hours not to exceed the typical full-time hourly course load as defined by the institution for tuition payment purposes or up to a maximum of five (5) years required for a baccalaureate degree awarded by a public senior college or university.

(c) **Junior-Senior College Plan.** Through the junior-senior college plan, a prepaid tuition contract shall provide prepaid tuition and required fees for the beneficiary to attend:

(i) A public community or junior college for a specified number of undergraduate credit hours not to exceed the typical full-time hourly course load as defined by the institution for tuition payment purposes or up to a maximum of two (2) years required for a person to receive a certificate or associate degree awarded by a public community or junior college; and

(ii) A public senior college or university for a specified number of credit hours not to exceed the typical full-time hourly course load as defined by the institution for

tuition payment purposes or up to a maximum of five (5) years required for the person to receive a baccalaureate degree awarded by a public senior college or university.

SECTION 4. Section 37-155-17, Mississippi Code of 1972, is amended as follows:

37-155-17. Any interest, dividends or gains accruing on the payments made pursuant to a prepaid tuition contract under the terms of this chapter shall be excluded from the gross income of any such payor or beneficiary for purposes of the Mississippi Income Tax Law. The payor may deduct from taxable income the amount of any payments \* \* \* made under a prepaid tuition contract in the tax year.

SECTION 5. Section 37-155-21, Mississippi Code of 1972, is amended as follows:

37-155-21. **Statement Regarding Status of Prepaid Tuition Contract.**

(1) \* \* \* The board shall furnish without charge to each purchaser an annual statement of:

(a) The amount paid by the purchaser under the prepaid tuition contract;

(b) The number of years originally covered by the contract;

(c) The number of years remaining under the contract; and

(d) Any other information the board determines by rule is necessary or appropriate.

(2) The board shall furnish a statement complying with subsection (1) to a purchaser or beneficiary on written request. The board may charge a reasonable fee for each statement furnished under this subsection.

SECTION 6. This act shall take effect and be in force from and after July 1, 1999.