

By: Whitmire

S.B. No. 1588

A BILL TO BE ENTITLED

AN ACT

relating to exempting college savings plan accounts from attachment, execution, and seizure for the satisfaction of debts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 42, Property Code, is amended by adding Section 42.0022 to read as follows:

Sec. 42.0022. EXEMPTION FOR COLLEGE SAVINGS PLANS. (a) In addition to the exemption prescribed by Section 42.001, a person's right to the assets held in or to receive payments or benefits under any of the following is exempt from attachment, execution, and seizure for the satisfaction of debts:

(1) any fund or plan established under Subchapter F, Chapter 54, Education Code, including the person's interest in a prepaid tuition contract;

(2) any fund or plan established under Subchapter G, Chapter 54, Education Code, including the person's interest in a savings trust account; or

(3) any qualified tuition program of any state that meets the requirements of Section 529, Internal Revenue Code of 1986, as amended.

(b) If any portion of this section is held to be invalid or preempted by federal law in whole or in part or in certain circumstances, this section remains in effect in all other respects to the maximum extent permitted by law.

1 SECTION 2. (a) This Act takes effect September 1, 2003.

2 (b) The change in law made by this Act applies to a person's
3 right to the assets held in or to receive payments or benefits under
4 any fund, plan, or program described by Section 42.0022, Property
5 Code, as added by this Act, on and after the effective date of this
6 Act without regard to whether any money and other property was
7 contributed to or paid in connection with the fund, plan, or program
8 to establish the person's right to those assets, payments, or
9 benefits before, on, or after the effective date of this Act.