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| BILL ANALYSIS |

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| C.S.H.B. 3655 |
| By: Turner, Chris |
| Higher Education |
| Committee Report (Substituted) |

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| **BACKGROUND AND PURPOSE** It has been noted that, since the creation of the Prepaid Higher Education Tuition Board, the federal definition of "qualified higher education expenses" has changed, which affects the tax‑related advantages of qualified tuition plans. C.S.H.B. 3655 seeks to update and revise the statutes relating to the board.  |
| **CRIMINAL JUSTICE IMPACT**It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision. |
| **RULEMAKING AUTHORITY** It is the committee's opinion that rulemaking authority is expressly granted to the Prepaid Higher Education Tuition Board in SECTION 4 of this bill. |
| **ANALYSIS** C.S.H.B. 3655 amends the Education Code to establish that certain specified statutory requirements applicable to the Prepaid Higher Education Tuition Board under the prepaid higher education tuition program also apply to the board for purposes of the higher education savings plan, Texas tomorrow fund II, Texas save and match program, and Texas achieving a better life experience program. C.S.H.B. 3655 revises the definition of "qualified higher education expenses" for purposes of the higher education savings plan to define the term by reference to certain provisions of the federal Internal Revenue Code of 1986. The bill expands a requirement for the board to adopt rules governing certain withdrawals from savings trust accounts to require the board to adopt rules to implement the savings plan. C.S.H.B. 3655 includes a medical and dental unit among the institutions at which a purchaser may prepay a beneficiary's undergraduate tuition and fees costs and redeem tuition units under the Texas tomorrow fund II and to which the comptroller of public accounts is required to transfer funds for that purpose. The bill requires each general academic teaching institution and each two-year public institution of higher education, on or before June 1 annually, to provide information for the next fall semester to the board in a format requested by the board in order to assist the board in determining tuition unit sales prices for the next sales period and redemption values for the next academic year for purposes of that fund. C.S.H.B. 3655 changes the deadline by which the board is required to provide an annual statement to each purchaser under the prepaid higher education tuition program and the Texas tomorrow fund II from not later than January 1 to not later than January 31.C.S.H.B. 3655 repeals Sections 54.708(c), (d), (e), and (f), Education Code, relating to a penalty for a nonqualified withdrawal from a savings trust account under the higher education savings plan. |
| **EFFECTIVE DATE** On passage, or, if the bill does not receive the necessary vote, September 1, 2019. |
| **COMPARISON OF ORIGINAL AND SUBSTITUTE**While C.S.H.B. 3655 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.The substitute does not make certain statutory provisions relating to the sale and redemption values of tuition units under the Texas tomorrow fund II applicable to tuition and fees at a medical and dental unit. |
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