

As Reported by the Senate Education Committee

124th General Assembly
Regular Session
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S. B. No. 172

SENATOR Oelslager

A B I L L

To amend sections 2329.66, 3334.01, 3334.02, 3334.03, 1
3334.06, 3334.07, 3334.08, 3334.09, 3334.10, 2
3334.11, 3334.12, 3334.15, 3334.16, 3334.17, 3
3334.18, 3334.19, 3334.20, 5111.015, 5115.061, 4
5747.01, and 5747.70 of the Revised Code to modify 5
the Ohio Tuition Trust Authority Law with respect 6
to the administration of the CollegeAdvantage 7
savings plan. 8

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF OHIO:

Section 1. That sections 2329.66, 3334.01, 3334.02, 3334.03, 9
3334.06, 3334.07, 3334.08, 3334.09, 3334.10, 3334.11, 3334.12, 10
3334.15, 3334.16, 3334.17, 3334.18, 3334.19, 3334.20, 5111.015, 11
5115.061, 5747.01, and 5747.70 of the Revised Code be amended to 12
read as follows: 13

Sec. 2329.66. (A) Every person who is domiciled in this state 14
may hold property exempt from execution, garnishment, attachment, 15
or sale to satisfy a judgment or order, as follows: 16

(1)(a) In the case of a judgment or order regarding money 17
owed for health care services rendered or health care supplies 18
provided to the person or a dependent of the person, one parcel or 19
item of real or personal property that the person or a dependent 20

of the person uses as a residence. Division (A)(1)(a) of this section does not preclude, affect, or invalidate the creation under this chapter of a judgment lien upon the exempted property but only delays the enforcement of the lien until the property is sold or otherwise transferred by the owner or in accordance with other applicable laws to a person or entity other than the surviving spouse or surviving minor children of the judgment debtor. Every person who is domiciled in this state may hold exempt from a judgment lien created pursuant to division (A)(1)(a) of this section the person's interest, not to exceed five thousand dollars, in the exempted property.

(b) In the case of all other judgments and orders, the person's interest, not to exceed five thousand dollars, in one parcel or item of real or personal property that the person or a dependent of the person uses as a residence.

(2) The person's interest, not to exceed one thousand dollars, in one motor vehicle;

(3) The person's interest, not to exceed two hundred dollars in any particular item, in wearing apparel, beds, and bedding, and the person's interest, not to exceed three hundred dollars in each item, in one cooking unit and one refrigerator or other food preservation unit;

(4)(a) The person's interest, not to exceed four hundred dollars, in cash on hand, money due and payable, money to become due within ninety days, tax refunds, and money on deposit with a bank, savings and loan association, credit union, public utility, landlord, or other person. Division (A)(4)(a) of this section applies only in bankruptcy proceedings. This exemption may include the portion of personal earnings that is not exempt under division (A)(13) of this section.

(b) Subject to division (A)(4)(d) of this section, the

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person's interest, not to exceed two hundred dollars in any
particular item, in household furnishings, household goods,
appliances, books, animals, crops, musical instruments, firearms,
and hunting and fishing equipment, that are held primarily for the
personal, family, or household use of the person;

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(c) Subject to division (A)(4)(d) of this section, the
person's interest in one or more items of jewelry, not to exceed
four hundred dollars in one item of jewelry and not to exceed two
hundred dollars in every other item of jewelry;

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(d) Divisions (A)(4)(b) and (c) of this section do not
include items of personal property listed in division (A)(3) of
this section.

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If the person does not claim an exemption under division
(A)(1) of this section, the total exemption claimed under division
(A)(4)(b) of this section shall be added to the total exemption
claimed under division (A)(4)(c) of this section, and the total
shall not exceed two thousand dollars. If the person claims an
exemption under division (A)(1) of this section, the total
exemption claimed under division (A)(4)(b) of this section shall
be added to the total exemption claimed under division (A)(4)(c)
of this section, and the total shall not exceed one thousand five
hundred dollars.

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(5) The person's interest, not to exceed an aggregate of
seven hundred fifty dollars, in all implements, professional
books, or tools of the person's profession, trade, or business,
including agriculture;

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(6)(a) The person's interest in a beneficiary fund set apart,
appropriated, or paid by a benevolent association or society, as
exempted by section 2329.63 of the Revised Code;

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(b) The person's interest in contracts of life or endowment
insurance or annuities, as exempted by section 3911.10 of the

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Revised Code;	83
(c) The person's interest in a policy of group insurance or the proceeds of a policy of group insurance, as exempted by section 3917.05 of the Revised Code;	84 85 86
(d) The person's interest in money, benefits, charity, relief, or aid to be paid, provided, or rendered by a fraternal benefit society, as exempted by section 3921.18 of the Revised Code;	87 88 89 90
(e) The person's interest in the portion of benefits under policies of sickness and accident insurance and in lump sum payments for dismemberment and other losses insured under those policies, as exempted by section 3923.19 of the Revised Code.	91 92 93 94
(7) The person's professionally prescribed or medically necessary health aids;	95 96
(8) The person's interest in a burial lot, including, but not limited to, exemptions under section 517.09 or 1721.07 of the Revised Code;	97 98 99
(9) The person's interest in the following:	100
(a) Moneys paid or payable for living maintenance or rights, as exempted by section 3304.19 of the Revised Code;	101 102
(b) Workers' compensation, as exempted by section 4123.67 of the Revised Code;	103 104
(c) Unemployment compensation benefits, as exempted by section 4141.32 of the Revised Code;	105 106
(d) Cash assistance payments under the Ohio works first program, as exempted by section 5107.75 of the Revised Code;	107 108
(e) Benefits and services under the prevention, retention, and contingency program, as exempted by section 5108.08 of the Revised Code;	109 110 111

(f) Disability assistance payments, as exempted by section 112
5115.07 of the Revised Code. 113

(10)(a) Except in cases in which the person was convicted of 114
or pleaded guilty to a violation of section 2921.41 of the Revised 115
Code and in which an order for the withholding of restitution from 116
payments was issued under division (C)(2)(b) of that section or in 117
cases in which an order for withholding was issued under section 118
2907.15 of the Revised Code, and only to the extent provided in 119
the order, and except as provided in sections 3105.171, 3105.63, 120
3119.80, 3119.81, 3121.02, 3121.03, and 3123.06 of the Revised 121
Code, the person's right to a pension, benefit, annuity, 122
retirement allowance, or accumulated contributions, the person's 123
right to a participant account in any deferred compensation 124
program offered by the Ohio public employees deferred compensation 125
board, a government unit, or a municipal corporation, or the 126
person's other accrued or accruing rights, as exempted by section 127
145.56, 146.13, 148.09, 742.47, 3307.41, 3309.66, or 5505.22 of 128
the Revised Code, and the person's right to benefits from the Ohio 129
public safety officers death benefit fund; 130

(b) Except as provided in sections 3119.80, 3119.81, 3121.02, 131
3121.03, and 3123.06 of the Revised Code, the person's right to 132
receive a payment under any pension, annuity, or similar plan or 133
contract, not including a payment from a stock bonus or 134
profit-sharing plan or a payment included in division (A)(6)(b) or 135
(10)(a) of this section, on account of illness, disability, death, 136
age, or length of service, to the extent reasonably necessary for 137
the support of the person and any of the person's dependents, 138
except if all the following apply: 139

(i) The plan or contract was established by or under the 140
auspices of an insider that employed the person at the time the 141
person's rights under the plan or contract arose. 142

(ii) The payment is on account of age or length of service. 143

(iii) The plan or contract is not qualified under the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C. 1, as amended.

(c) Except for any portion of the assets that were deposited for the purpose of evading the payment of any debt and except as provided in sections 3119.80, 3119.81, 3121.02, 3121.03, and 3123.06 of the Revised Code, the person's right in the assets held in, or to receive any payment under, any individual retirement account, individual retirement annuity, "Roth IRA," or education individual retirement account that provides benefits by reason of illness, disability, death, or age, to the extent that the assets, payments, or benefits described in division (A)(10)(c) of this section are attributable to any of the following:

(i) Contributions of the person that were less than or equal to the applicable limits on deductible contributions to an individual retirement account or individual retirement annuity in the year that the contributions were made, whether or not the person was eligible to deduct the contributions on the person's federal tax return for the year in which the contributions were made;

(ii) Contributions of the person that were less than or equal to the applicable limits on contributions to a Roth IRA or education individual retirement account in the year that the contributions were made;

(iii) Contributions of the person that are within the applicable limits on rollover contributions under subsections 219, 402(c), 403(a)(4), 403(b)(8), 408(b), 408(d)(3), 408A(c)(3)(B), 408A(d)(3), and 530(d)(5) of the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended.

(d) Except for any portion of the assets that were deposited for the purpose of evading the payment of any debt and except as

provided in sections 3119.80, 3119.81, 3121.02, 3121.03, and 175
3123.06 of the Revised Code, the person's right in the assets held 176
in, or to receive any payment under, any Keogh or "H.R. 10" plan 177
that provides benefits by reason of illness, disability, death, or 178
age, to the extent reasonably necessary for the support of the 179
person and any of the person's dependents. 180

(11) The person's right to receive spousal support, child 181
support, an allowance, or other maintenance to the extent 182
reasonably necessary for the support of the person and any of the 183
person's dependents; 184

(12) The person's right to receive, or moneys received during 185
the preceding twelve calendar months from, any of the following: 186
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(a) An award of reparations under sections 2743.51 to 2743.72 188
of the Revised Code, to the extent exempted by division (D) of 189
section 2743.66 of the Revised Code; 190

(b) A payment on account of the wrongful death of an 191
individual of whom the person was a dependent on the date of the 192
individual's death, to the extent reasonably necessary for the 193
support of the person and any of the person's dependents; 194

(c) Except in cases in which the person who receives the 195
payment is an inmate, as defined in section 2969.21 of the Revised 196
Code, and in which the payment resulted from a civil action or 197
appeal against a government entity or employee, as defined in 198
section 2969.21 of the Revised Code, a payment, not to exceed five 199
thousand dollars, on account of personal bodily injury, not 200
including pain and suffering or compensation for actual pecuniary 201
loss, of the person or an individual for whom the person is a 202
dependent; 203

(d) A payment in compensation for loss of future earnings of 204
the person or an individual of whom the person is or was a 205

dependent, to the extent reasonably necessary for the support of 206
the debtor and any of the debtor's dependents. 207

(13) Except as provided in sections 3119.80, 3119.81, 208
3121.02, 3121.03, and 3123.06 of the Revised Code, personal 209
earnings of the person owed to the person for services in an 210
amount equal to the greater of the following amounts: 211

(a) If paid weekly, thirty times the current federal minimum 212
hourly wage; if paid biweekly, sixty times the current federal 213
minimum hourly wage; if paid semimonthly, sixty-five times the 214
current federal minimum hourly wage; or if paid monthly, one 215
hundred thirty times the current federal minimum hourly wage that 216
is in effect at the time the earnings are payable, as prescribed 217
by the "Fair Labor Standards Act of 1938," 52 Stat. 1060, 29 218
U.S.C. 206(a)(1), as amended; 219

(b) Seventy-five per cent of the disposable earnings owed to 220
the person. 221

(14) The person's right in specific partnership property, as 222
exempted by division (B)(3) of section 1775.24 of the Revised 223
Code; 224

(15) A seal and official register of a notary public, as 225
exempted by section 147.04 of the Revised Code; 226

(16) The person's interest in a tuition ~~credit unit~~ or a 227
payment under section 3334.09 of the Revised Code pursuant to a 228
~~tuition credit contract~~ CollegeAdvantage savings plan 229
participation agreement, as exempted by section 3334.15 of the 230
Revised Code; 231

(17) Any other property that is specifically exempted from 232
execution, attachment, garnishment, or sale by federal statutes 233
other than the "Bankruptcy Reform Act of 1978," 92 Stat. 2549, 11 234
U.S.C.A. 101, as amended; 235

(18) The person's interest, not to exceed four hundred	236
dollars, in any property, except that division (A)(18) of this	237
section applies only in bankruptcy proceedings.	238
(B) As used in this section:	239
(1) "Disposable earnings" means net earnings after the	240
garnishee has made deductions required by law, excluding the	241
deductions ordered pursuant to section 3119.80, 3119.81, 3121.02,	242
3121.03, or 3123.06 of the Revised Code.	243
(2) "Insider" means:	244
(a) If the person who claims an exemption is an individual, a	245
relative of the individual, a relative of a general partner of the	246
individual, a partnership in which the individual is a general	247
partner, a general partner of the individual, or a corporation of	248
which the individual is a director, officer, or in control;	249
(b) If the person who claims an exemption is a corporation, a	250
director or officer of the corporation; a person in control of the	251
corporation; a partnership in which the corporation is a general	252
partner; a general partner of the corporation; or a relative of a	253
general partner, director, officer, or person in control of the	254
corporation;	255
(c) If the person who claims an exemption is a partnership, a	256
general partner in the partnership; a general partner of the	257
partnership; a person in control of the partnership; a partnership	258
in which the partnership is a general partner; or a relative in, a	259
general partner of, or a person in control of the partnership;	260
(d) An entity or person to which or whom any of the following	261
applies:	262
(i) The entity directly or indirectly owns, controls, or	263
holds with power to vote, twenty per cent or more of the	264
outstanding voting securities of the person who claims an	265

exemption, unless the entity holds the securities in a fiduciary
or agency capacity without sole discretionary power to vote the
securities or holds the securities solely to secure to debt and
the entity has not in fact exercised the power to vote.

(ii) The entity is a corporation, twenty per cent or more of
whose outstanding voting securities are directly or indirectly
owned, controlled, or held with power to vote, by the person who
claims an exemption or by an entity to which division (B)(2)(d)(i)
of this section applies.

(iii) A person whose business is operated under a lease or
operating agreement by the person who claims an exemption, or a
person substantially all of whose business is operated under an
operating agreement with the person who claims an exemption.

(iv) The entity operates the business or all or substantially
all of the property of the person who claims an exemption under a
lease or operating agreement.

(e) An insider, as otherwise defined in this section, of a
person or entity to which division (B)(2)(d)(i), (ii), (iii), or
(iv) of this section applies, as if the person or entity were a
person who claims an exemption;

(f) A managing agent of the person who claims an exemption.

(3) "Participant account" has the same meaning as in section
148.01 of the Revised Code.

(4) "Government unit" has the same meaning as in section
148.06 of the Revised Code.

(C) For purposes of this section, "interest" shall be
determined as follows:

(1) In bankruptcy proceedings, as of the date a petition is
filed with the bankruptcy court commencing a case under Title 11
of the United States Code;

(2) In all cases other than bankruptcy proceedings, as of the date of an appraisal, if necessary under section 2329.68 of the Revised Code, or the issuance of a writ of execution.

An interest, as determined under division (C)(1) or (2) of this section, shall not include the amount of any lien otherwise valid pursuant to section 2329.661 of the Revised Code.

Sec. 3334.01. As used in this chapter:

(A) "Aggregate original principal amount" means the aggregate of the initial offering prices to the public of college savings bonds, exclusive of accrued interest, if any. "Aggregate original principal amount" does not mean the aggregate accreted amount payable at maturity or redemption of such bonds.

(B) "Beneficiary" means:

~~(1) An an individual designated by the purchaser account owner under a tuition payment contract CollegeAdvantage savings plan participation agreement or through a scholarship program as the individual on whose behalf tuition credits units purchased or contributions made under the contract agreement or awarded through the scholarship program will be applied toward the payment of undergraduate, graduate, or professional tuition; or~~

~~(2) An individual designated by the contributor under a variable college savings program contract as the individual whose tuition and other higher education expenses will be paid from a variable college savings program account.~~

(C) "Capital appreciation bond" means a bond for which the following is true:

(1) The principal amount is less than the amount payable at maturity or early redemption; and

(2) No interest is payable on a current basis.

(D) "Tuition ~~credit~~ unit" means a credit of the Ohio tuition trust authority purchased under section 3334.09 of the Revised Code. "Tuition unit" includes a tuition credit purchased prior to July 1, 1994.

(E) "College savings bonds" means revenue and other obligations issued on behalf of the state or any agency or issuing authority thereof as a zero-coupon or capital appreciation bond, and designated as college savings bonds as provided in this chapter. "College savings bond issue" means any issue of bonds of which any part has been designated as college savings bonds.

(F) "Institution of higher education" means a state institution of higher education, a private college, university, or other postsecondary institution located in this state that possesses a certificate of authorization issued by the Ohio board of regents pursuant to Chapter 1713. of the Revised Code or a certificate of registration issued by the state board of proprietary school registration under Chapter 3332. of the Revised Code, or an accredited college, university, or other postsecondary institution located outside this state that is accredited by an accrediting organization or professional association recognized by the authority. To be considered an institution of higher education, an institution shall meet the definition of an eligible educational institution under section 529 of the Internal Revenue Code.

(G) "Issuing authority" means any authority, commission, body, agency, or individual empowered by the Ohio Constitution or the Revised Code to issue bonds or any other debt obligation of the state or any agency or department thereof. "Issuer" means the issuing authority or, if so designated under division (B) of section 3334.04 of the Revised Code, the treasurer of state.

(H) "Tuition" means the charges imposed to attend an institution of higher education as an undergraduate, graduate, or

professional student and all fees required as a condition of 357
enrollment for all students, as determined by the Ohio tuition 358
trust authority. "Tuition" does not include laboratory fees, room 359
and board, or other similar fees and charges. 360

(I) "Weighted average tuition" means the tuition cost 361
resulting from the following calculation: 362

(1) Add the products of the annual undergraduate tuition 363
charged to Ohio residents at each four-year state university 364
multiplied by that institution's total number of undergraduate 365
fiscal year equated students; and 366

(2) Divide the gross total of the products from division 367
(I)(1) of this section by the total number of undergraduate fiscal 368
year equated students attending four-year state universities. 369

(J) "Zero-coupon bond" means a bond which has a stated 370
interest rate of zero per cent and on which no interest is payable 371
until the maturity or early redemption of the bond, and is offered 372
at a substantial discount from its original stated principal 373
amount. 374

(K) "State institution of higher education" includes the 375
state universities listed in section 3345.011 of the Revised Code, 376
community colleges created pursuant to Chapter 3354. of the 377
Revised Code, university branches created pursuant to Chapter 378
3355. of the Revised Code, technical colleges created pursuant to 379
Chapter 3357. of the Revised Code, state community colleges 380
created pursuant to Chapter 3358. of the Revised Code, the medical 381
college of Ohio at Toledo, and the northeastern Ohio universities 382
college of medicine. 383

(L) "Four-year state university" means those state 384
universities listed in section 3345.011 of the Revised Code. 385

(M) "Principal amount" refers to the initial offering price 386
to the public of an obligation, exclusive of the accrued interest, 387

if any. "Principal amount" does not refer to the aggregate 388
accrued amount payable at maturity or redemption of an 389
obligation. 390

(N) "Scholarship program" means a program registered with the 391
Ohio tuition trust authority pursuant to section 3334.17 of the 392
Revised Code. 393

(O) "Internal Revenue Code" means the "Internal Revenue Code 394
of 1986," 100 Stat. 2085, 26 U.S.C.A. 1 et seq., as amended. 395

(P) "Other higher education expenses" means room and board 396
and books, supplies, equipment, and nontuition-related fees 397
associated with the cost of attendance of a beneficiary at an 398
institution of higher education, but only to the extent that such 399
expenses meet the definition of "qualified higher education 400
expenses" under section 529 of the Internal Revenue Code. "Other 401
higher education expenses" does not include tuition as defined in 402
division (H) of this section. 403

(Q) "~~Purchaser~~ Account" means the formal record of 404
transactions with respect to funds in the Ohio guaranteed college 405
savings program and the variable college savings program, which 406
transactions relate to the beneficiary designated by the account 407
owner. 408

(R) "Account owner" means the person signing the ~~tuition~~ 409
~~payment contract~~ CollegeAdvantage savings plan participation 410
agreement, who controls withdrawals from the account, is entitled 411
to select or change the designated beneficiary of the account, and 412
~~acquires tuition credits for an~~ receives withdrawals from the 413
~~account under the terms and conditions of the contract if no~~ 414
beneficiary is designated. 415

~~(R)~~(S) "Contribution" means any payment directly allocated to 416
an account for the benefit of the designated beneficiary of the 417
account. 418

(T) "Contributor" means ~~a~~ an account owner, beneficiary, or 419
other person who signs makes a ~~variable college savings program~~ 420
~~contract with the Ohio tuition trust authority and contributes~~ 421
contribution to ~~and owns the~~ an account created under the 422
~~contract.~~ 423

Sec. 3334.02. (A) In order to help make higher education 424
affordable and accessible to all citizens of Ohio, to maintain 425
state institutions of higher education by helping to provide a 426
stable financial base to these institutions, to provide the 427
citizens of Ohio with financing assistance for higher education 428
and protection against rising tuition costs, to encourage saving 429
to enhance the ability of citizens of Ohio to obtain financial 430
access to institutions of higher education, to encourage 431
elementary and secondary students in this state to achieve 432
academic excellence, and to promote a well-educated and 433
financially secure population to the ultimate benefit of all 434
citizens of the state of Ohio, there is hereby created the Ohio 435
guaranteed college savings program, formerly known as the Ohio 436
tuition trust program. The program shall consist of the ~~issuance~~ 437
~~of college savings bonds and the sale of tuition credits and, if~~ 438
~~offered, supplemental credits~~ units. 439

(B) The provisions of Chapter 1707. of the Revised Code shall 440
not apply to tuition ~~credits~~ units or any agreement or transaction 441
related thereto. 442

(C) To provide the citizens of Ohio with a choice of 443
tax-advantaged college savings programs and the opportunity to 444
participate in more than one type of college savings program at a 445
time, the Ohio tuition trust authority shall establish and 446
administer a variable college savings program as a qualified state 447
tuition program under section 529 of the Internal Revenue Code. 448
The program shall allow account owners and other contributors to 449

make cash contributions to variable college savings program 450
accounts created for the purpose of paying future tuition and 451
other higher education expenses and providing variable rates of 452
return on contributions. 453

(D) A person may participate simultaneously in both the Ohio 454
guaranteed college savings program and the variable college 455
savings program. 456

(E) Together, the Ohio guaranteed college savings program and 457
the variable college savings program shall be known as the 458
CollegeAdvantage savings plan. The CollegeAdvantage savings plan 459
is intended to qualify as a savings-type qualified state tuition 460
program under section 529 of the Internal Revenue Code for 461
purposes of determining eligibility and need for any type of 462
student loan, grant, or aid program. 463

Sec. 3334.03. (A) There is hereby created the Ohio tuition 464
trust authority, which shall have the powers enumerated in this 465
chapter and which shall operate as a qualified state tuition 466
program within the meaning of section 529 of the Internal Revenue 467
Code. The exercise by the authority of its powers shall be and is 468
hereby declared an essential state governmental function. The 469
authority is subject to all provisions of law generally applicable 470
to state agencies ~~which~~ that do not conflict with the provisions 471
of this chapter. 472

(B) The Ohio tuition trust authority shall consist of eleven 473
members, no more than six of whom shall be of the same political 474
party. Six members shall be appointed by the governor with the 475
advice and consent of the senate as follows: one shall represent 476
state institutions of higher education, one shall represent 477
private nonprofit colleges and universities located in Ohio, one 478
shall have experience in the field of marketing or public 479
relations, one shall have experience in the field of information 480

systems design or management, and two shall have experience in the
field of banking, investment banking, insurance, or law. Four
members shall be appointed by the speaker of the house of
representatives and the president of the senate as follows: the
speaker of the house of representatives shall appoint one member
of the house from each political party and the president of the
senate shall appoint one member of the senate from each political
party. The chancellor of the board of regents shall be an ex
officio voting member; provided, however, that the chancellor may
designate a vice-chancellor of the board of regents to serve as
the chancellor's representative. The political party of the
chancellor shall be deemed the political party of the designee for
purposes of determining that no more than six members are of the
same political party.

Initial gubernatorial appointees to the authority shall serve
staggered terms, with two terms expiring on January 31, 1991, one
term expiring on January 31, 1992, and one term expiring on
January 31, 1993. The governor shall appoint two additional
members to the authority no later than thirty days after ~~the~~
~~effective date of this amendment~~ March 30, 1999, and their initial
terms shall expire January 31, 2002. Thereafter, terms of office
for gubernatorial appointees shall be for four years. The initial
terms of the four legislative members shall expire on January 31,
1991. Thereafter legislative members shall serve two-year terms,
provided that legislative members may continue to serve on the
authority only if they remain members of the general assembly. Any
vacancy on the authority shall be filled in the same manner as the
original appointment, except that any person appointed to fill a
vacancy shall be appointed to the remainder of the unexpired term.
Any member is eligible for reappointment.

(C) Any member may be removed by the appointing authority for
misfeasance, malfeasance, or willful neglect of duty or for other

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cause after notice and a public hearing, unless the notice and
hearing are waived in writing by the member. Members shall serve
without compensation but shall receive their reasonable and
necessary expenses incurred in the conduct of authority business.

(D) The speaker of the house of representatives and the
president of the senate shall each designate a member of the
authority to serve as co-chairpersons. The six gubernatorial
appointees and the chancellor of the board of regents or the
chancellor's designee shall serve as the executive committee of
the authority, and shall elect an executive chairperson from among
the executive committee members. The authority and the executive
committee may elect such other officers as determined by the
authority or the executive committee respectively. The authority
shall meet at least annually at the call of either co-chairperson
and at such other times as either co-chairperson or the authority
determines necessary. In the absence of both co-chairpersons, the
executive chairperson shall serve as the presiding officer of the
authority. The executive committee shall meet at the call of the
executive chairperson or as the executive committee determines
necessary. The authority may delegate to the executive committee
such duties and responsibilities as the authority determines
appropriate, except that the authority may not delegate to the
executive committee the final determination of the annual price of
a tuition ~~credit~~ unit, the final designation of bonds as college
savings bonds, or the employment of an executive director of the
authority. Upon such delegation, the executive committee shall
have the authority to act pursuant to such delegation without
further approval or action by the authority. A majority of the
authority shall constitute a quorum of the authority, and the
affirmative vote of a majority of the members present shall be
necessary for any action taken by the authority. A majority of the
executive committee shall constitute a quorum of the executive

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committee, and the affirmative vote of a majority of the members 545
present shall be necessary for any action taken by the executive 546
committee. No vacancy in the membership of the authority or the 547
executive committee shall impair the rights of a quorum to 548
exercise all rights and perform all duties of the authority or the 549
executive committee respectively. 550

Sec. 3334.06. (A) The Ohio tuition trust authority shall, 551
after consultation with the issuer, develop a plan for the sale of 552
college savings bonds. The plan shall include: 553

(1) An advertising program to inform the public about the 554
availability of college savings bonds; 555

(2) The estimated cost of financing and administering the 556
plan; 557

(3) A description of the ongoing administrative authority and 558
responsibility for the plan. 559

(B) The authority shall approve the sale of a college savings 560
bond issue under division (A) of section 3334.04 of the Revised 561
Code only after it has determined that the issuance would comply 562
with section 3334.04 of the Revised Code. 563

(C) The authority shall cooperate with all state issuing 564
authorities in identifying potential bond issues ~~which~~ that may be 565
appropriate for designation as college savings bonds and shall 566
encourage those issuing authorities to participate in the Ohio 567
guaranteed college savings program. 568

Sec. 3334.07. (A) The Ohio tuition trust authority shall 569
develop a plan for the sale of tuition ~~credits~~ units. The Ohio 570
board of regents shall cooperate with the authority and provide 571
technical assistance upon request. 572

(B) Annually, the authority shall determine the weighted 573

average tuition of four-year state universities in the academic 574
year that begins on or after the first day of August of the 575
current calendar year, and shall establish the price of a tuition 576
~~credit unit~~ in the ensuing sales period. Such price shall be based 577
on sound actuarial principles, and shall, to the extent 578
actuarially possible, reasonably approximate one per cent of the 579
weighted average tuition for that academic year plus the costs of 580
administering the tuition ~~credit unit~~ program that are in excess 581
of general revenue fund appropriations for administrative costs. 582
The sales period to which such price applies shall consist of 583
twelve months, and the authority by rule shall establish the date 584
on which the sales period begins. If circumstances arise during a 585
sales period that the authority determines ~~causes the price of~~ 586
~~tuition credits to be insufficient to ensure~~ may have an impact on 587
the actuarial soundness of the Ohio tuition trust fund, the 588
authority may, at its discretion and without advance notice, 589
adjust the price of tuition ~~credits~~ units purchased during the 590
remainder of the sales period. To promote the purchase of tuition 591
~~credits~~ units and in accordance with actuarially sound principles, 592
the authority may adjust the sales price as part of incentive 593
programs, such as discounting for lump-sum purchases and 594
multi-year installment plans at a fixed rate of purchase. 595

Sec. 3334.08. (A) Subject to division (B) of this section, in 596
addition to any other powers conferred by this chapter, the Ohio 597
tuition trust authority may do any of the following: 598

(1) Impose reasonable residency requirements for 599
beneficiaries of tuition ~~credits~~ units; 600

(2) Impose reasonable limits on the number of tuition ~~credit~~ 601
unit participants; 602

(3) Impose and collect administrative fees and charges in 603
connection with any transaction under this chapter; 604

(4) Purchase insurance from insurers licensed to do business 605
in this state providing for coverage against any loss in 606
connection with the authority's property, assets, or activities or 607
to further ensure the value of tuition ~~credits~~ units; 608

(5) Indemnify or purchase policies of insurance on behalf of 609
members, officers, and employees of the authority from insurers 610
licensed to do business in this state providing for coverage for 611
any liability incurred in connection with any civil action, 612
demand, or claim against a director, officer, or employee by 613
reason of an act or omission by the director, officer, or employee 614
that was not manifestly outside the scope of the employment or 615
official duties of the director, officer, or employee or with 616
malicious purpose, in bad faith, or in a wanton or reckless 617
manner; 618

(6) Make, execute, and deliver contracts, conveyances, and 619
other instruments necessary to the exercise and discharge of the 620
powers and duties of the authority; 621

(7) Promote, advertise, and publicize the ~~Ohio college~~ 622
CollegeAdvantage savings program and the ~~variable college savings~~ 623
program plan; 624

(8) Adopt rules under section 111.15 of the Revised Code for 625
the implementation of the Ohio guaranteed college savings program; 626

(9) Contract, for the provision of all or part of the 627
services necessary for the management and operation of the ~~Ohio~~ 628
college CollegeAdvantage savings program and the ~~variable college~~ 629
savings program plan, with a bank, trust company, savings and loan 630
association, insurance company, or licensed dealer in securities 631
if the bank, company, association, or dealer is authorized to do 632
business in this state and information about the contract is filed 633
with the controlling board pursuant to division (D)(6) of section 634
127.16 of the Revised Code; 635

(10) Contract for other services, or for goods, needed by the authority in the conduct of its business, including but not limited to credit card services and the sale of tuition units;

(11) Employ an executive director and other personnel as necessary to carry out its responsibilities under this chapter, and fix the compensation of these persons. All employees of the authority shall be in the unclassified civil service and shall be eligible for membership in the public employees retirement system.

(12) Contract with financial consultants, actuaries, auditors, and other consultants as necessary to carry out its responsibilities under this chapter;

(13) Enter into agreements with any governmental agency of ~~the state or its political subdivisions~~ or with private ~~employers~~ employer under which an employee may agree to have a designated amount deducted in each payroll period from the wages or salary due the employee for the purpose of ~~purchasing tuition credits pursuant to a tuition payment contract~~ or making contributions pursuant to a ~~variable college~~ CollegeAdvantage savings program ~~contract~~ plan participation agreement;

(14) Enter into an agreement with the treasurer of state under which the treasurer of state will receive, and credit to the Ohio tuition trust fund or variable college savings program fund, from any bank or savings and loan association authorized to do business in this state, amounts that a depositor of the bank or association authorizes the bank or association to withdraw periodically from the depositor's account for the purpose of ~~purchasing tuition credits pursuant to a tuition payment contract~~ or making contributions pursuant to a ~~variable college~~ CollegeAdvantage savings program ~~contract~~ plan participation agreement;

(15) Solicit and accept gifts, grants, and loans from any

person or governmental agency and participate in any governmental program; 667
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(16) Impose limits on the number of ~~credits which~~ units that may be purchased on behalf of or assigned or awarded to any beneficiary and on the total amount of contributions that may be made on behalf of a beneficiary; 669
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(17) Impose restrictions on the substitution of another individual for the original beneficiary under the Ohio guaranteed college savings program; 673
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(18) Impose a limit on the age of a beneficiary, above which tuition ~~credits~~ units may not be purchased on behalf of that beneficiary; 676
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(19) Enter into a cooperative agreement with the treasurer of state to provide for the direct disbursement of payments under ~~tuition payment or variable college~~ CollegeAdvantage savings ~~program contracts~~ plan participation agreements; 679
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(20) Determine the other higher education expenses for which tuition ~~credits~~ units or contributions may be used; 683
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(21) Terminate any ~~tuition payment or variable college~~ CollegeAdvantage savings ~~program contract~~ plan participation agreement if no ~~purchases or~~ contributions are made for a period of three years or more and ~~there are fewer than a total of five~~ tuition units or tuition credits or the account value is less than a dollar amount set by rule ~~on account~~, provided that notice of a possible termination shall be provided in advance, explaining any options to prevent termination, and a reasonable amount of time shall be provided within which to act to prevent a termination; 685
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(22) Maintain a separate account for each ~~tuition payment or variable college~~ CollegeAdvantage savings ~~program contract~~ plan participation agreement; 694
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(23) Utilize the employees, property, and other resources of the authority in the administration and operation of the variable college savings program, provided that the authority applies a reasonable service charge in a nondiscriminatory manner to the variable college savings program for the purpose of reimbursing the Ohio guaranteed college savings program for any expense incurred; 697
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(24) Perform all acts necessary and proper to carry out the duties and responsibilities of the authority pursuant to this chapter. 704
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(B) The authority shall adopt rules under section 111.15 of the Revised Code for the implementation and administration of the variable college savings program. The rules shall provide taxpayers with the maximum tax advantages and flexibility consistent with section 529 of the Internal Revenue Code and regulations adopted thereunder with regard to disposition of contributions and earnings, designation of beneficiaries, and rollover of account assets to other programs. 707
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(C) Except as otherwise specified in this chapter, the provisions of Chapters 123., 125., and 4117. of the Revised Code shall not apply to the authority. The department of administrative services shall, upon the request of the authority, act as the authority's agent for the purchase of equipment, supplies, insurance, or services, or the performance of administrative services pursuant to Chapter 125. of the Revised Code. 715
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Sec. 3334.09. (A) Except in the case of a scholarship program established in accordance with section 3334.17 of the Revised Code, the Ohio tuition trust authority may enter into a ~~tuition payment contract~~ CollegeAdvantage savings plan participation agreement with any person for the purchase of tuition ~~credits~~ 723
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units if either the ~~purchaser~~ account owner or the beneficiary is 728
a resident of this state at the time the ~~contract~~ participation 729
agreement is entered into. A ~~tuition payment contract~~ 730
CollegeAdvantage savings plan participation agreement shall allow 731
any person to purchase tuition ~~credits~~ units at the price 732
determined by the authority pursuant to section 3334.07 or 3334.12 733
of the Revised Code for the year in which the tuition ~~credit~~ unit 734
is purchased. The ~~purchaser~~ account owner shall name in the 735
~~payment contract~~ participation agreement one specific individual 736
as the beneficiary for the tuition ~~credits~~ units. 737

In accordance with rules of the authority, ~~credits~~ units may 738
be transferred to the credit of another beneficiary and a new 739
beneficiary may be substituted for the beneficiary originally 740
named in the ~~contract~~ participation agreement as required under 741
section 529 of the Internal Revenue Code. 742

(B) Each tuition ~~credit~~ unit shall entitle the beneficiary to 743
an amount equal to one per cent of the weighted average tuition, 744
unless otherwise specified. 745

(C) Nothing in this chapter or in any ~~tuition payment~~ 746
~~contract~~ guaranteed college savings program participation 747
agreement entered into pursuant to this chapter shall be construed 748
as a guarantee by the state, the authority, or any institution of 749
higher education that a beneficiary will be admitted to an 750
institution of higher education, or, upon admission to an 751
institution of higher education, will be permitted to continue to 752
attend or will receive a degree from an institution of higher 753
education. Nothing in this chapter or in any ~~tuition payment~~ 754
~~contract~~ guaranteed college savings program participation 755
agreement entered into pursuant to this chapter shall be 756
considered a guarantee that the beneficiary's cost of tuition at 757
an institution of higher education ~~other than a state institution~~ 758
~~of higher education~~ will be covered in full by the proceeds of the 759

beneficiary's tuition ~~credits~~ units. 760

(D) The following information shall be disclosed in writing 761
to each ~~purchaser of tuition credits~~ account owner and, where 762
appropriate, to each entity establishing a scholarship program 763
under section 3334.17 of the Revised Code: 764

(1) The terms and conditions for the purchase and use of 765
tuition ~~credits~~ units; 766

(2) In the case of a ~~contract~~ participation agreement 767
described by division (A) of this section, any restrictions on the 768
substitution of another individual for the original beneficiary 769
and any restrictions on the transfer of ownership of ~~credits~~ units 770
in the payment account; 771

(3) The person or entity entitled to terminate the ~~contract~~ 772
participation agreement; 773

(4) The terms and conditions under which the ~~contract~~ 774
participation agreement may be terminated and the amount of the 775
refund, if any, to which the person or entity terminating the 776
~~contract~~ participation agreement, or that person's or entity's 777
designee, is entitled upon termination; 778

(5) The obligation of the authority to make payments to a 779
beneficiary, or an institution of higher education on behalf of a 780
beneficiary, under division (B) of this section based upon the 781
number of tuition ~~credits~~ units purchased on behalf of the 782
beneficiary or awarded to the beneficiary pursuant to a 783
scholarship program; 784

(6) The method by which tuition ~~credits~~ units shall be 785
applied toward payment of tuition and other higher education 786
expenses if in any academic term the beneficiary is a part-time 787
student; 788

(7) The period of time during which a beneficiary may receive 789
benefits under the ~~contract~~ participation agreement; 790

(8) The terms and conditions under which money may be wholly 791
or partially withdrawn from the program, including, but not 792
limited to, any reasonable charges and fees that may be imposed 793
for withdrawal; 794

(9) All other rights and obligations of the ~~purchaser~~ account 795
owner and the authority, including the provisions of division (A) 796
of section 3334.12 of the Revised Code, and any other terms, 797
conditions, and provisions the authority considers necessary and 798
appropriate. 799

(E) A ~~tuition payment contract~~ CollegeAdvantage savings plan 800
participation agreement may provide that the authority will pay 801
directly to the institution of higher education in which a 802
beneficiary is enrolled during a term the amount represented by 803
the tuition ~~credits~~ units being used that term. 804

(F) A ~~tuition payment contract~~ CollegeAdvantage savings plan 805
participation agreement described by division (A) of this section 806
may provide that if the ~~contract~~ participation agreement has not 807
been terminated or ~~credits~~ units purchased under the ~~contract~~ 808
participation agreement have not been applied toward the payment 809
of tuition or other higher education expenses within a specified 810
period of time, the authority may, after making a reasonable 811
effort to locate the ~~purchaser of the tuition credits~~ account 812
owner, the beneficiary, and any person designated in the ~~contract~~ 813
participation agreement to act on behalf of the ~~purchaser of the~~ 814
~~credits~~ account owner or the beneficiary, terminate the ~~contract~~ 815
participation agreement and retain the amounts payable under the 816
~~contract~~ participation agreement. 817

(G) If, at any time after tuition ~~credits~~ units are purchased 818
on behalf of a beneficiary or awarded to a beneficiary or pursuant 819
to a scholarship program, the beneficiary becomes a nonresident of 820
this state, or, if the beneficiary was not a resident of this 821
state at the time the ~~tuition payment contract~~ CollegeAdvantage 822

savings plan participation agreement was entered into, the 823
~~purchaser~~ account owner becomes a nonresident of this state, 824
~~credits~~ units purchased or awarded while the beneficiary was a 825
resident may be applied on behalf of the beneficiary toward the 826
payment of tuition at an institution of higher education and other 827
higher education expenses in the manner specified in division (B) 828
of this section, except that if the beneficiary enrolls in a state 829
institution of higher education, the beneficiary shall be 830
responsible for payment of all nonresident fees charged to 831
out-of-state residents by the institution in which the beneficiary 832
is enrolled. 833

Sec. 3334.10. Divisions (A), (B), (C), and (D) of this 834
section do not apply to scholarship programs established under 835
section 3334.17 of the Revised Code. 836

(A) Unless otherwise provided for in the ~~contract~~ 837
CollegeAdvantage savings plan participation agreement, a ~~tuition~~ 838
~~payment contract~~ guaranteed college savings program account may be 839
terminated by the ~~purchaser~~ account owner under any of the 840
following circumstances upon the written request of the ~~purchaser~~ 841
account owner to the Ohio tuition trust authority: 842

(1) Upon the death or permanent disability of the 843
beneficiary; 844

(2) Upon notification to the ~~Ohio tuition trust~~ authority in 845
writing that the beneficiary is age eighteen or older, has decided 846
not to attend an institution of higher education, and requests 847
that the ~~contract~~ guaranteed college savings program account be 848
terminated; 849

(3) Upon the beneficiary's completion of the degree 850
requirements at an institution of higher education; 851

(4) Upon the rollover of all amounts in a ~~tuition credit unit~~ 852
account to an ~~equivalent~~ account in another qualified state 853

tuition program under section 529 of the Internal Revenue Code; 854

(5) Upon ~~the occurrence of any other circumstances~~ reason 855
determined by the authority ~~to be grounds for termination.~~ 856

(B) The authority shall determine the method and schedule for 857
payment of refunds upon termination of a ~~tuition payment contract~~ 858
guaranteed college savings program account. 859

(1) In cases described by division (A)(2) or (3) of this 860
section, the amount of the refund shall be equal to not less than 861
one per cent of the weighted average tuition in the academic year 862
the refund is paid, multiplied by the number of tuition ~~credits~~ 863
units purchased and not used, minus any reasonable charges and 864
fees provided for by the authority, or such other lesser sum as 865
shall be determined by the authority but only to the extent that 866
such a lesser sum is necessary to meet the refund penalty 867
requirements for qualified state tuition programs under section 868
529 of the Internal Revenue Code. 869

(2) In cases described by division (A)(1) of this section, 870
the amount of the refund shall be equal to the greater of the 871
following: 872

(a) One per cent of the weighted average tuition in the 873
academic year the refund is paid, multiplied by the number of 874
tuition ~~credits~~ units purchased and not used; 875

(b) The total purchase price of all tuition ~~credits~~ units 876
purchased for the beneficiary and not used. 877

(3) In cases described by division (A) (4) or (5) of this 878
section, the amount of the refund shall be ~~either of the following~~ 879
~~as~~ determined by the authority in accordance with both of the 880
following criteria: 881

(a) The refund ~~provided by division (B)(1)~~ maintains the 882
actuarial soundness of this section; the program. 883

(b) The refund ~~provided by division (B)(2) of this section,~~ 884
~~or such other lesser sum as shall be determined by the authority~~ 885
~~but only to the extent that such a lesser sum is necessary to meet~~ 886
the refund penalty requirements for qualified state tuition 887
programs under section 529 of the Internal Revenue Code. 888

(C) Unless otherwise provided for in the ~~contract~~ 889
participation agreement, a variable college savings program 890
account may be terminated by the ~~contributor~~ account owner for any 891
reason upon the written request of the ~~contributor~~ account owner 892
to the authority. Termination of a variable college savings 893
program account shall occur no earlier than a maturity period set 894
by the authority after the first contribution is made to the 895
account. 896

(D) The authority shall determine the method and schedule for 897
payment of refunds upon termination of a variable college savings 898
program account. 899

(1) The ~~contributor~~ account owner under a ~~variable~~ 900
CollegeAdvantage savings ~~program contract plan participation~~ 901
agreement may receive a refund of the balance in an account, less 902
any administrative fees, if the account is terminated upon the 903
death or permanent disability of the beneficiary or, to the extent 904
allowed under rules of the authority, upon the rollover of all 905
amounts in a variable college savings program account to ~~an~~ 906
~~equivalent account in another~~ qualified state tuition program 907
under section 529 of the Internal Revenue Code. 908

(2) If a variable college savings program account is 909
terminated for any reason other than those set forth in division 910
(D)(1) of this section, the ~~contributor~~ account owner may receive 911
a refund of the balance in the account, less any administrative 912
fees, and less any additional amount necessary to meet the minimum 913
refund penalty requirements for a qualified state tuition program 914
under section 529 of the Internal Revenue Code. 915

(3) Earnings shall be calculated as the total value of the 916
variable college savings program account less the aggregate 917
contributions, or in such other manner as prescribed by section 918
529 of the Internal Revenue Code. 919

(E) In the case of a scholarship program, a refund of tuition 920
~~credits~~ units in the program's account may be made only for just 921
cause with the approval of the authority. The refund shall be paid 922
to the entity that established the scholarship program or, with 923
that entity's approval, to the authority if this is authorized by 924
federal tax law. The amount of any refund shall be determined by 925
the authority and shall meet the requirements for refunds made on 926
account of scholarships under section 529 of the Internal Revenue 927
Code. 928

(F) If a beneficiary is awarded a scholarship other than 929
under a scholarship program, a waiver of tuition, or similar 930
subvention that the authority determines cannot be converted into 931
money by the beneficiary, the authority shall, during each 932
academic term that the beneficiary furnishes the authority such 933
information about the scholarship, waiver, or similar subvention 934
as the authority requires, refund to the person designated in the 935
~~contract~~ CollegeAdvantage savings plan participation agreement, 936
or, in the case of a beneficiary under a scholarship program, to 937
the beneficiary an amount equal to the value that the tuition 938
~~credits~~ units or the amounts in the variable college savings 939
program account that are not needed on account of the scholarship, 940
waiver, or similar subvention would otherwise have to the 941
beneficiary that term at the institution of higher education where 942
the beneficiary is enrolled. The authority may, at its sole 943
option, designate the institution of higher education at which the 944
beneficiary is enrolled as the agent of the authority for purposes 945
of refunds pursuant to this division. 946

(G) ~~If, in any academic term for which tuition credits or any~~ 947

~~amounts in a variable college savings program account have been 948
used to pay all or part of a beneficiary's tuition, the 949
beneficiary withdraws from the institution of higher education at 950
which the beneficiary is enrolled prior to the end of the academic 951
term, a pro rata share of any refund of tuition as a result of the 952
withdrawal equal to that portion of the tuition paid with tuition 953
credits or the amounts in a variable college savings program 954
account shall be made to the authority, unless the authority 955
designates a different procedure. The authority shall credit any 956
refund received, less any reasonable charges and fees provided for 957
by the authority, to the appropriate account established under 958
division (F)(1) or (2) of section 3334.11 of the Revised Code or 959
division (H) of this section. 960~~

~~(H) The authority shall maintain a separate account for each 961
variable college CollegeAdvantage savings contract plan 962
participation agreement entered into pursuant to division (A) of 963
section 3334.18 of the Revised Code for contributions made on 964
behalf of a beneficiary, showing the name of the beneficiary of 965
that contract participation agreement and the amount of 966
contributions made pursuant to that contract participation 967
agreement. Upon request of any beneficiary or contributor account 968
owner, the authority shall provide a statement indicating, in the 969
case of a beneficiary, the amount of contributions made pursuant 970
to that contract participation agreement on behalf of the 971
beneficiary, or, in the case of a an account owner or other 972
contributor, contributions made, disbursed, or refunded pursuant 973
to that contract participation agreement. 974~~

Sec. 3334.11. (A) The assets of the Ohio tuition trust 975
authority reserved for payment of the obligations of the authority 976
pursuant to ~~tuition payment contracts~~ CollegeAdvantage savings 977
plan participation agreements shall be placed in a fund, which is 978
hereby created and shall be known as the Ohio tuition trust fund. 979

The fund shall be in the custody of the treasurer of state, but 980
shall not be part of the state treasury. That portion of payments 981
received by the authority or the treasurer of state from persons 982
purchasing tuition ~~credits~~ units under ~~tuition payment contracts~~ 983
CollegeAdvantage savings plan participation agreements that the 984
authority determines is actuarially necessary for the payment of 985
obligations of the authority pursuant to ~~tuition payment contracts~~ 986
CollegeAdvantage savings plan participation agreements, all 987
interest and investment income earned by the fund, and all other 988
receipts of the authority from any other source that the authority 989
determines appropriate, shall be deposited in the fund. No 990
~~purchaser~~ account owner or beneficiary of tuition ~~credits~~ units 991
shall have any claim against the funds of any state institution of 992
higher education. All investment fees and other costs incurred in 993
connection with the exercise of the investment powers of the 994
authority pursuant to divisions (D) and (E) of this section, 995
including compensation paid to employees, vendors, and any other 996
individual or entity, shall be paid from the assets of the fund. 997

(B) Unless otherwise provided by the authority, the assets of 998
the Ohio tuition trust fund shall be expended in the following 999
order: 1000

(1) To make payments to account owners, designees of account 1001
owners, beneficiaries, or institutions of higher education on 1002
behalf of beneficiaries, under division (B) of section 3334.09 of 1003
the Revised Code; 1004

(2) To make refunds as provided in divisions (B), (E), and 1005
(F) of section 3334.10 of the Revised Code; 1006

(3) To pay the investment fees and other costs of 1007
administering the fund. 1008

(C)(1) Except as may be provided in an agreement under 1009
division (A)(19) of section 3334.08 of the Revised Code, all 1010
disbursements from the Ohio tuition trust fund shall be made by 1011

the treasurer of state on order of a designee of the authority. 1012

(2) The treasurer of state shall deposit any portion of the 1013
Ohio tuition trust fund not needed for immediate use in the same 1014
manner as state funds are deposited. 1015

(D) The authority is the trustee of the Ohio tuition trust 1016
fund. The authority shall have full power to invest the assets of 1017
the fund and in exercising this power shall be subject to the 1018
limitations and requirements contained in divisions (K) to (M) of 1019
this section and sections 145.112 and 145.113 of the Revised Code. 1020
The evidences of title of all investments shall be delivered to 1021
the treasurer of state or to a qualified trustee designated by the 1022
treasurer of state as provided in section 135.18 of the Revised 1023
Code. Assets of the fund shall be administered by the authority in 1024
a manner designed to be actuarially sound so that the assets of 1025
the fund will be sufficient to satisfy the obligations of the 1026
authority pursuant to ~~tuition payment contracts~~ CollegeAdvantage
savings plan participation agreements and to defray the reasonable 1027
expenses of administering the fund. 1028
1029

(E) The public employees retirement board shall, with the 1030
approval of the authority, exercise the investment powers of the 1031
authority as set forth in division (D) of this section until the 1032
authority determines that assumption and exercise by the authority 1033
of the investment powers is financially and administratively 1034
feasible. The investment powers shall be exercised by the public 1035
employees retirement board in a manner agreed upon by the 1036
authority that maximizes the return on investment and minimizes 1037
the administrative expenses. 1038

(F)(1) The authority shall maintain a separate account for 1039
each ~~tuition payment contract~~ CollegeAdvantage savings plan
participation agreement entered into pursuant to division (A) of 1040
section 3334.09 of the Revised Code for the purchase of tuition 1041
~~credits~~ units on behalf of a beneficiary or beneficiaries showing 1042
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the beneficiary or beneficiaries of that ~~contract~~ participation 1044
agreement and the number of tuition ~~credits~~ units purchased 1045
pursuant to that ~~contract~~ participation agreement. Upon request of 1046
any beneficiary or person who has entered into a ~~tuition payment~~ 1047
~~contract~~ CollegeAdvantage savings plan participation agreement, 1048
the authority shall provide a statement indicating, in the case of 1049
a beneficiary, the number of tuition ~~credits~~ units purchased on 1050
behalf of the beneficiary, or in the case of a person who has 1051
entered into a ~~tuition payment contract~~ CollegeAdvantage savings 1052
plan participation agreement, the number of tuition ~~credits~~ units 1053
purchased, used, or refunded pursuant to that ~~contract~~. A 1054
~~beneficiary and person that have entered into a tuition payment~~ 1055
~~contract each may file only one request under this division in any~~ 1056
~~year~~ participation agreement. 1057

(2) The authority shall maintain an account for each 1058
scholarship program showing the number of tuition ~~credits~~ units 1059
that have been purchased for or donated to the program and the 1060
number of tuition ~~credits~~ units that have been used. Upon the 1061
request of the entity that established the scholarship program, 1062
the authority shall provide a statement indicating these numbers. 1063

(G) In addition to the Ohio tuition trust fund, there is 1064
hereby established a reserve fund that shall be in the custody of 1065
the treasurer of state but shall not be part of the state 1066
treasury, and shall be known as the Ohio tuition trust reserve 1067
fund, and an operating fund that shall be part of the state 1068
treasury, and shall be known as the Ohio tuition trust operating 1069
fund. That portion of payments received by the authority or the 1070
treasurer of state from persons purchasing tuition ~~credits~~ units 1071
under ~~tuition payment contracts~~ CollegeAdvantage savings plan 1072
participation agreements that the authority determines is not 1073
actuarially necessary for the payment of obligations of the 1074
authority pursuant to ~~tuition payment contracts~~ CollegeAdvantage 1075

savings plan participation agreements, any interest and investment 1076
income earned by the reserve fund, any administrative charges and 1077
fees imposed by the authority on transactions under this chapter 1078
or on purchasers account owners or beneficiaries of tuition 1079
credits units, and all other receipts from any other source that 1080
the authority determines appropriate, shall be deposited in the 1081
reserve fund to pay the operating expenses of the authority and 1082
the costs of administering the program. The assets of the reserve 1083
fund may be invested in the same manner and subject to the same 1084
limitations set forth in divisions (D), (E), and (K) to (M) of 1085
this section and sections 145.112 and 145.113 of the Revised Code. 1086
All investment fees and other costs incurred in connection with 1087
the exercise of the investment powers shall be paid from the 1088
assets of the reserve fund. Except as otherwise provided for in 1089
this chapter, all operating expenses of the authority and costs of 1090
administering the program shall be paid from the operating fund. 1091
The treasurer shall, upon request of the authority, transfer funds 1092
from the reserve fund to the operating fund as the authority 1093
determines appropriate to pay those current operating expenses of 1094
the authority and costs of administering the program as the 1095
authority designates. Any interest or investment income earned on 1096
the assets of the operating fund shall be deposited in the 1097
operating fund. 1098

(H) In January of each year the authority shall report to 1099
each person who received any payments or refunds from the 1100
authority during the preceding year information relative to the 1101
value of the payments or refunds to assist in determining that 1102
person's tax liability. 1103

(I) The authority shall report to the tax commissioner any 1104
information, and at the times, as the tax commissioner requires to 1105
determine any tax liability that a person may have incurred during 1106
the preceding year as a result of having received any payments or 1107

refunds from the authority. 1108

(J) All records of the authority indicating the identity of 1109
~~purchasers~~ account owners and beneficiaries of tuition ~~credits~~ 1110
units or college savings bonds, the number of tuition ~~credits~~ 1111
units purchased, used, or refunded under a ~~tuition payment~~ 1112
~~contract~~ CollegeAdvantage savings plan participation agreement, 1113
and the number of college savings bonds purchased, held, or 1114
redeemed are not public records within the meaning of section 1115
149.43 of the Revised Code. 1116

(K) The authority and other fiduciaries shall discharge their 1117
duties with respect to the funds with care, skill, prudence, and 1118
diligence under the circumstances then prevailing that a prudent 1119
person acting in a like capacity and familiar with such matters 1120
would use in the conduct of an enterprise of a like character and 1121
with like aims; and by diversifying the investments of the assets 1122
of the funds so as to minimize the risk of large losses, unless 1123
under the circumstances it is clearly prudent not to do so. 1124

To facilitate investment of the funds, the authority may 1126
establish a partnership, trust, limited liability company, 1127
corporation, including a corporation exempt from taxation under 1128
the Internal Revenue Code, ~~100 Stat. 2085, 26 U.S.C. 1, as~~ 1129
~~amended~~, or any other legal entity authorized to transact business 1130
in this state. 1131

(L) In exercising its fiduciary responsibility with respect 1132
to the investment of the assets of the funds, it shall be the 1133
intent of the authority to give consideration to investments that 1134
enhance the general welfare of the state and its citizens where 1135
the investments offer quality, return, and safety comparable to 1136
other investments currently available to the authority. In 1137
fulfilling this intent, equal consideration shall also be given to 1138
investments otherwise qualifying under this section that involve 1139

minority owned and controlled firms and firms owned and controlled 1140
by women, either alone or in joint venture with other firms. 1141

The authority shall adopt, in regular meeting, policies, 1142
objectives, or criteria for the operation of the investment 1143
program that include asset allocation targets and ranges, risk 1144
factors, asset class benchmarks, time horizons, total return 1145
objectives, and performance evaluation guidelines. In adopting 1146
policies and criteria for the selection of agents with whom the 1147
authority may contract for the administration of the assets of the 1148
funds, the authority shall give equal consideration to minority 1149
owned and controlled firms, firms owned and controlled by women, 1150
and ventures involving minority owned and controlled firms and 1151
firms owned and controlled by women that otherwise meet the 1152
policies and criteria established by the authority. Amendments and 1153
additions to the policies and criteria shall be adopted in regular 1154
meeting. The authority shall publish its policies, objectives, and 1155
criteria under this provision no less often than annually and 1156
shall make copies available to interested parties. 1157

When reporting on the performance of investments, the 1158
authority shall comply with the performance presentation standards 1159
established by the association for investment management and 1160
research. 1161

(M) All investments shall be purchased at current market 1162
prices and the evidences of title of the investments shall be 1163
placed in the hands of the treasurer of state, who is hereby 1164
designated as custodian thereof, or in the hands of the treasurer 1165
of state's authorized agent. The treasurer of state or the agent 1166
shall collect the principal, dividends, distributions, and 1167
interest thereon as they become due and payable and place them 1168
when so collected into the custodial funds. 1169

The treasurer of state shall pay for investments purchased by 1170
the authority on receipt of written or electronic instructions 1171

from the authority or the authority's designated agent authorizing 1172
the purchase and pending receipt of the evidence of title of the 1173
investment by the treasurer of state or the treasurer of state's 1174
authorized agent. The authority may sell investments held by the 1175
authority, and the treasurer of state or the treasurer of state's 1176
authorized agent shall accept payment from the purchaser and 1177
deliver evidence of title of the investment to the purchaser on 1178
receipt of written or electronic instructions from the authority 1179
or the authority's designated agent authorizing the sale, and 1180
pending receipt of the moneys for the investments. The amount 1181
received shall be placed in the custodial funds. The authority and 1182
the treasurer of state may enter into agreements to establish 1183
procedures for the purchase and sale of investments under this 1184
division and the custody of the investments. 1185

No purchase or sale of any investment shall be made under 1186
this section except as authorized by the authority. 1187

Any statement of financial position distributed by the 1188
authority shall include fair value, as of the statement date, of 1189
all investments held by the authority under this section. 1190

Sec. 3334.12. Notwithstanding anything to the contrary in 1191
sections 3334.07 and 3334.09 of the Revised Code: 1192

(A) Annually, the Ohio tuition trust authority shall have the 1193
actuarial soundness of the Ohio tuition trust fund evaluated by a 1194
nationally recognized actuary and shall determine whether 1195
additional assets are necessary to defray the obligations of the 1196
authority. If, after the authority sets the price for tuition 1197
~~credits~~ units, circumstances arise that the executive director 1198
determines necessitate an additional evaluation of the actuarial 1199
soundness of the fund, the executive director shall have a 1200
nationally recognized actuary conduct the necessary evaluation. If 1201
the assets of the fund are insufficient to ensure the actuarial 1202

soundness of the fund, the authority shall adjust the price of 1203
subsequent purchases of tuition ~~credits~~ units. 1204

(B) Upon termination of the program or liquidation of the 1205
Ohio tuition trust fund, the Ohio tuition trust reserve fund, and 1206
the Ohio tuition trust operating fund, any remaining assets of the 1207
funds after all obligations of the funds have been satisfied 1208
pursuant to division (B) of section 3334.11 of the Revised Code 1209
shall be transferred to the general revenue fund of the state. 1210

(C) The authority shall prepare and cause to have audited an 1211
annual financial report on all financial activity of the Ohio 1212
tuition trust authority within ninety days of the end of the 1213
fiscal year. The authority shall transmit a copy of the audited 1214
financial report to the governor, the president of the senate, the 1215
speaker of the house of representatives, and the minority leaders 1216
of the senate and the house of representatives. Copies of the 1217
audited financial report also shall be made available, upon 1218
request, to the persons entering into ~~contracts~~ participation 1219
agreements with the authority and to prospective ~~purchasers of~~ 1220
~~tuition credits~~ account owners and prospective contributors to 1221
variable college savings program accounts. 1222

Sec. 3334.15. (A) The right of a person to a tuition ~~credit~~ 1223
unit or a payment under section 3334.09 of the Revised Code 1224
pursuant to a ~~tuition credit contract~~ CollegeAdvantage savings 1225
plan participation agreement, a scholarship program, or a variable 1226
college savings program account shall not be subject to execution, 1227
garnishment, attachment, the operation of bankruptcy or the 1228
insolvency laws, or other process of law. 1229

(B) The right of a person to a tuition ~~credit~~ unit or a 1230
payment under section 3334.09 of the Revised Code pursuant to a 1231
~~tuition credit contract~~ CollegeAdvantage savings plan 1232
participation agreement, a scholarship program, or a variable 1233

college savings program account shall not be used as security or 1234
collateral for a loan. 1235

Sec. 3334.16. The general assembly hereby finds that the 1236
~~prepaid tuition~~ Ohio guaranteed college savings program providing 1237
for the sale of tuition ~~credits~~ units by the Ohio tuition trust 1238
authority ~~is an~~, and the authority's acceptance of contributions 1239
for purposes of the variable college savings program, are official 1240
state ~~function~~ functions, offered through an agency of this state, 1241
which agency receives state appropriations. Therefore, the 1242
authority is directed by the state of Ohio to assume ~~it is that~~ 1243
the Ohio guaranteed college savings program and the variable 1244
college savings program, together known as the CollegeAdvantage 1245
savings plan, are exempt from federal tax liability. 1246

Sec. 3334.17. (A) The state, any political subdivision of the 1247
state, and any organization that is exempt from federal income 1248
taxation under section 501 (a) and described in section 501 (c)(3) 1249
of the Internal Revenue Code, including the Ohio tuition trust 1250
authority if this is authorized under federal tax law, may 1251
establish a scholarship program to award scholarships consisting 1252
of ~~tuition credits~~ contributions made to the CollegeAdvantage 1253
savings plan for students. Any scholarship program established 1254
under this section shall be registered with the ~~Ohio tuition trust~~ 1255
authority. The authority shall be notified of the name and address 1256
of each scholarship beneficiary under the program, the ~~number of~~ 1257
~~credits~~ amounts awarded, and the institution of higher education 1258
in which the beneficiary is enrolled. Scholarship beneficiaries 1259
shall be selected by the entity establishing the scholarship 1260
program, in accordance with criteria established by the entity. 1261

(B) Any person or governmental entity may purchase tuition 1263
~~credits~~ units on behalf of a scholarship program that is or is to 1264

be established in accordance with division (A) of this section at 1265
the same price as is established for the purchase of ~~credits~~ units 1266
for named beneficiaries pursuant to this chapter. Tuition ~~credits~~ 1267
units shall have the same value to the beneficiary of a 1268
scholarship awarded pursuant to this section as they would have to 1269
any other beneficiary pursuant to division (B) of section 3334.09 1270
of the Revised Code. 1271

(C) The entity establishing and maintaining a scholarship 1272
program shall specify whether a scholarship beneficiary may 1273
receive a refund or payment for the ~~tuition-credits~~ amount awarded 1274
under the scholarship program directly from the ~~tuition-trust~~ 1275
authority, or whether the amount of ~~such credits~~ awarded shall be 1276
paid by the authority only to the institution of higher education 1277
in which the student is enrolled. 1278

(D) If a scholarship beneficiary does not use ~~tuition-credits~~ 1279
the amount awarded within a length of time specified under the 1280
scholarship program, the ~~credits~~ amount may be awarded to another 1281
beneficiary. 1282

Sec. 3334.18. (A) A variable college savings program 1283
established by the Ohio tuition trust authority shall include 1284
provisions for a ~~contract~~ CollegeAdvantage savings plan 1285
participation agreement to be entered into between ~~a contributor~~ 1286
an account owner and the authority that will authorize the 1287
~~contributor~~ account owner to open an account for a beneficiary and 1288
authorize the ~~contributor~~ account owner to substitute a new 1289
beneficiary for one originally named in the ~~contract~~ participation 1290
agreement, to the extent permitted by section 529 of the Internal 1291
Revenue Code. 1292

(B) The authority shall provide adequate safeguards to 1293
prevent total contributions to a variable college savings program 1294
account or purchases of tuition ~~credits~~ units, either separately 1295

or combined, that are made on behalf of a beneficiary from 1296
exceeding the amount necessary to provide for the tuition and 1297
other higher education expenses of the beneficiary, consistent 1298
with the maximum contributions permitted by section 529 of the 1299
Internal Revenue Code. However, in no event shall contributions or 1300
purchases exceed the allowable limit for a qualified state tuition 1301
program under section 529 of the Internal Revenue Code. 1302

(C)(1) Participation in the variable college savings program 1303
does not guarantee that contributions and the investment return on 1304
contributions, if any, will be adequate to cover future tuition 1305
and other higher education expenses or that a beneficiary will be 1306
admitted to or permitted to continue to attend an institution of 1307
higher education. 1308

(2) Returns on contributors' investments in the variable 1309
college savings program are not guaranteed by the state and the 1310
contributors to the variable college savings program assume all 1311
investment risk, including the potential loss of principal and 1312
liability for penalties such as those levied for noneducational 1313
withdrawals. 1314

(3) The state shall have no debt or obligation to any account 1315
owner, contributor, beneficiary, or any other person as a result 1316
of the establishment of the program, and the state assumes no risk 1317
or liability for funds invested in the variable college savings 1318
program. 1319

~~(4)~~(D) Informational materials about the variable college 1320
savings program prepared by the authority or its agents and 1321
provided to prospective contributors shall state clearly the 1322
information set forth in division (C) of this section. 1323

Sec. 3334.19. (A) The Ohio tuition trust authority shall 1324
adopt an investment plan that sets forth investment policies and 1325
guidelines to be utilized in administering the variable college 1326

savings program. Except as provided in section 3334.20 of the Revised Code, the authority shall contract with one or more insurance companies, banks, or other financial institutions to act as its investment agents and to provide such services as the authority considers appropriate to the investment plan, including:

(1) Purchase, control, and safekeeping of assets;

(2) Record keeping and accounting for individual accounts and for the program as a whole;

(3) Provision of consolidated statements of account.

(B) The authority or its investment agents shall maintain a separate account for the beneficiary of each ~~contract~~ CollegeAdvantage savings plan participation agreement entered into under the variable college savings program. If a beneficiary has more than one such account, the authority or its agents shall track total contributions and earnings and provide a consolidated system of account distributions to institutions of higher education.

(C) The authority or its agents may place assets of the program in savings accounts and may purchase fixed or variable life insurance or annuity contracts, securities, evidence of indebtedness, or other investment products pursuant to the investment plan.

(D) Contributors shall not direct the investment of their contributions under the investment plan. The authority shall impose other limits on contributors' investment discretion as required under section 529 of the Internal Revenue Code.

(E) The investment agents with which the authority contracts shall discharge their duties with respect to program funds with the care and diligence that a prudent person familiar with such matters and with the character and aims of the program would use.

(F) The assets of the program shall be preserved, invested,

and expended solely for the purposes of this chapter and shall not
be loaned or otherwise transferred or used by the state for any
other purpose. This section shall not be construed to prohibit the
investment agents of the authority from investing, by purchase or
otherwise, in bonds, notes, or other obligations of the state or
any agency or instrumentality of the state. Unless otherwise
specified by the authority, assets of the program shall be
expended in the following order of priority:

(1) To make payments on behalf of ~~beneficiaries~~ participants;

(2) To make refunds upon termination of variable college
savings program ~~contracts~~ participation agreements;

(3) To pay the costs and expenses of program administration
and operations;

(4) To pay or cover any other expenditure or disbursement the
authority determines necessary or appropriate.

(G) Fees, charges, and other costs imposed or collected by
the authority in operating and administering the variable college
savings program shall be placed in a fund, which is hereby created
and shall be known as the variable operating fund. The fund shall
be in the custody of the treasurer of state, but shall not be part
of the state treasury. Operating and administering expenses of the
variable college savings program, as well as other expenses,
disbursements, or payments the authority considers appropriate for
the benefit of the CollegeAdvantage savings plan or the state and
its citizens, shall be paid from the variable operating fund.

(H) No records of the authority indicating the identity of
account owners, contributors, and beneficiaries under the program
or amounts contributed to, earned by, or distributed from program
accounts are public records within the meaning of section 149.43
of the Revised Code.

Sec. 3334.20. (A) As used in this section, "state agency" 1389
means every department, bureau, board, commission, office, or 1390
other organized body established by the constitution or laws of 1391
this state for the exercise of state government. 1392

(B) If a condition arises concerning the investment of funds 1393
received under the variable college savings program and requiring 1394
an interim period for investment of program funds, which condition 1395
is determined pursuant to division (D) of this section, the Ohio 1396
tuition trust authority shall choose the treasurer of state, a 1397
state agency having investment authority, or an investment agent 1398
under contract with the authority to invest program funds pursuant 1399
to the investment plan established under division (A) of section 1400
3334.19 of the Revised Code. The treasurer of state, state agency, 1401
or investment agent chosen by the authority pursuant to this 1402
division shall be subject to the requirements and conditions that 1403
apply to investment agents specified in section 3334.19 of the 1404
Revised Code. 1405

(C) The authority shall be the trustee of the program. During 1406
the interim period, the authority shall receive and hold all 1407
payments, deposits, and contributions, as well as gifts, bequests, 1408
endowments, and federal, state, or local grants and any funds from 1409
any other source, public or private, and all earnings, until 1410
disbursed to pay tuition or other higher education expenses or 1411
refunds pursuant to ~~college~~ CollegeAdvantage savings ~~plans~~ 1412
~~contracts~~ plan participation agreements. The authority shall keep 1413
such funds segregated from all other assets of the authority. 1414

(D) The authority shall adopt rules under section 111.15 of 1415
the Revised Code defining the conditions under which an interim 1416
investment period is required and this section applies. The rules 1417
shall include any condition requiring the termination of the 1418
interim period and the authority to contract with alternative 1419

investment agents pursuant to section 3334.19 of the Revised Code 1420
and any other requirements that apply during the interim 1421
investment period. 1422

(E) When the interim period for investment of program funds 1423
terminates, the investment agents selected pursuant to section 1424
3334.19 of the Revised Code for the investment of program funds 1425
shall have the sole authority to invest program funds pursuant to 1426
the investment plan established under division (A) of that section 1427
and shall be subject to that section. 1428

Sec. 5111.015. (A) If the United States secretary of health 1429
and human services grants a waiver of any contrary federal 1430
requirements governing the medical assistance program or the 1431
director of job and family services determines that there are no 1432
contrary federal requirements, divisions (A)(1) and (2) of this 1433
section apply to determinations of eligibility under this chapter: 1434

(1) In determining the eligibility of an assistance group for 1435
assistance under this chapter, the department of job and family 1436
services shall exclude from the income and resources applicable to 1437
the assistance group the value of any ~~tuition payment contract~~ 1438
CollegeAdvantage savings plan participation agreement entered into 1439
under section 3334.09 of the Revised Code or any scholarship 1440
awarded under section ~~3334.18~~ 3334.17 of the Revised Code and the 1441
amount of payments made by the Ohio tuition trust authority under 1442
section 3334.09 of the Revised Code pursuant to the ~~contract~~ 1443
participation agreement or scholarship. 1444

(2) The department shall not require any person to terminate 1445
a ~~tuition payment contract~~ CollegeAdvantage savings plan 1446
participation agreement entered into under Chapter 3334. of the 1447
Revised Code as a condition of an assistance group's eligibility 1448
for assistance under this chapter. 1449

(B) To the extent required by federal law, the department 1450

shall include as income any refund paid under section 3334.10 of
the Revised Code to a member of the assistance group.

(C) Not later than sixty days after July 1, 1994, the
department shall apply to the United States department of health
and human services for a waiver of any federal requirements that
otherwise would be violated by implementation of division (A) of
this section.

Sec. 5115.061. In determining the eligibility of an
assistance group for assistance under this chapter, the department
of job and family services shall exclude from the income and
resources applicable to the assistance group the value of any
~~tuition payment contract~~ CollegeAdvantage savings plan
participation agreement entered into under section 3334.09 of the
Revised Code or any scholarship awarded under section ~~3334.18~~
3334.17 of the Revised Code and the amount of payments made by the
Ohio tuition trust authority under section 3334.09 of the Revised
Code pursuant to the ~~contract~~ participation agreement or
scholarship. The department shall not require any person to
terminate a ~~tuition payment contract~~ CollegeAdvantage savings plan
participation agreement entered into under Chapter 3334. of the
Revised Code as a condition of an assistance group's eligibility
for assistance under this chapter. The department, however, shall
consider as income any refund paid under section 3334.10 of the
Revised Code to a member of the assistance group.

Sec. 5747.01. Except as otherwise expressly provided or
clearly appearing from the context, any term used in this chapter
has the same meaning as when used in a comparable context in the
Internal Revenue Code, and all other statutes of the United States
relating to federal income taxes.

As used in this chapter:

(A) "Adjusted gross income" or "Ohio adjusted gross income"	1481
means adjusted gross income as defined and used in the Internal	1482
Revenue Code, adjusted as provided in this section:	1483
(1) Add interest or dividends on obligations or securities of	1484
any state or of any political subdivision or authority of any	1485
state, other than this state and its subdivisions and authorities.	1486
(2) Add interest or dividends on obligations of any	1487
authority, commission, instrumentality, territory, or possession	1488
of the United States that are exempt from federal income taxes but	1489
not from state income taxes.	1490
(3) Deduct interest or dividends on obligations of the United	1491
States and its territories and possessions or of any authority,	1492
commission, or instrumentality of the United States to the extent	1493
included in federal adjusted gross income but exempt from state	1494
income taxes under the laws of the United States.	1495
(4) Deduct disability and survivor's benefits to the extent	1496
included in federal adjusted gross income.	1497
(5) Deduct benefits under Title II of the Social Security Act	1498
and tier 1 railroad retirement benefits to the extent included in	1499
federal adjusted gross income under section 86 of the Internal	1500
Revenue Code.	1501
(6) Add, in the case of a taxpayer who is a beneficiary of a	1502
trust that makes an accumulation distribution as defined in	1503
section 665 of the Internal Revenue Code, the portion, if any, of	1504
such distribution that does not exceed the undistributed net	1505
income of the trust for the three taxable years preceding the	1506
taxable year in which the distribution is made. "Undistributed net	1507
income of a trust" means the taxable income of the trust increased	1508
by (a)(i) the additions to adjusted gross income required under	1509
division (A) of this section and (ii) the personal exemptions	1510
allowed to the trust pursuant to section 642(b) of the Internal	1511

Revenue Code, and decreased by (b)(i) the deductions to adjusted 1512
gross income required under division (A) of this section, (ii) the 1513
amount of federal income taxes attributable to such income, and 1514
(iii) the amount of taxable income that has been included in the 1515
adjusted gross income of a beneficiary by reason of a prior 1516
accumulation distribution. Any undistributed net income included 1517
in the adjusted gross income of a beneficiary shall reduce the 1518
undistributed net income of the trust commencing with the earliest 1519
years of the accumulation period. 1520

(7) Deduct the amount of wages and salaries, if any, not 1521
otherwise allowable as a deduction but that would have been 1522
allowable as a deduction in computing federal adjusted gross 1523
income for the taxable year, had the targeted jobs credit allowed 1524
and determined under sections 38, 51, and 52 of the Internal 1525
Revenue Code not been in effect. 1526

(8) Deduct any interest or interest equivalent on public 1527
obligations and purchase obligations to the extent included in 1528
federal adjusted gross income. 1529

(9) Add any loss or deduct any gain resulting from the sale, 1530
exchange, or other disposition of public obligations to the extent 1531
included in federal adjusted gross income. 1532

(10) Deduct or add amounts, as provided under section 5747.70 1533
of the Revised Code, related to contributions to variable college 1534
savings program accounts made or tuition ~~credits~~ units purchased 1535
pursuant to Chapter 3334. of the Revised Code. 1536

(11)(a) Deduct, to the extent not otherwise allowable as a 1537
deduction or exclusion in computing federal or Ohio adjusted gross 1538
income for the taxable year, the amount the taxpayer paid during 1539
the taxable year for medical care insurance and qualified 1540
long-term care insurance for the taxpayer, the taxpayer's spouse, 1541
and dependents. No deduction for medical care insurance under 1542

division (A)(11) of this section shall be allowed either to any taxpayer who is eligible to participate in any subsidized health plan maintained by any employer of the taxpayer or of the taxpayer's spouse, or to any taxpayer who is entitled to, or on application would be entitled to, benefits under part A of Title XVIII of the "Social Security Act," 49 Stat. 620 (1935), 42 U.S.C. 301, as amended. For the purposes of division (A)(11)(a) of this section, "subsidized health plan" means a health plan for which the employer pays any portion of the plan's cost. The deduction allowed under division (A)(11)(a) of this section shall be the net of any related premium refunds, related premium reimbursements, or related insurance premium dividends received during the taxable year.

(b) Deduct, to the extent not otherwise deducted or excluded in computing federal or Ohio adjusted gross income during the taxable year, the amount the taxpayer paid during the taxable year, not compensated for by any insurance or otherwise, for medical care of the taxpayer, the taxpayer's spouse, and dependents, to the extent the expenses exceed seven and one-half per cent of the taxpayer's federal adjusted gross income.

(c) For purposes of division (A)(11) of this section, "medical care" has the meaning given in section 213 of the Internal Revenue Code, subject to the special rules, limitations, and exclusions set forth therein, and "qualified long-term care" has the same meaning given in section 7702(B)(b) of the Internal Revenue Code.

(12)(a) Deduct any amount included in federal adjusted gross income solely because the amount represents a reimbursement or refund of expenses that in any year the taxpayer had deducted as an itemized deduction pursuant to section 63 of the Internal Revenue Code and applicable United States department of the treasury regulations. The deduction otherwise allowed under

division (A)(12)(a) of this section shall be reduced to the extent 1575
the reimbursement is attributable to an amount the taxpayer 1576
deducted under this section in any taxable year. 1577

(b) Add any amount not otherwise included in Ohio adjusted 1578
gross income for any taxable year to the extent that the amount is 1579
attributable to the recovery during the taxable year of any amount 1580
deducted or excluded in computing federal or Ohio adjusted gross 1581
income in any taxable year. 1582

(13) Deduct any portion of the deduction described in section 1583
1341(a)(2) of the Internal Revenue Code, for repaying previously 1584
reported income received under a claim of right, that meets both 1585
of the following requirements: 1586

(a) It is allowable for repayment of an item that was 1587
included in the taxpayer's adjusted gross income for a prior 1588
taxable year and did not qualify for a credit under division (A) 1589
or (B) of section 5747.05 of the Revised Code for that year; 1590

(b) It does not otherwise reduce the taxpayer's adjusted 1591
gross income for the current or any other taxable year. 1592

(14) Deduct an amount equal to the deposits made to, and net 1593
investment earnings of, a medical savings account during the 1594
taxable year, in accordance with section 3924.66 of the Revised 1595
Code. The deduction allowed by division (A)(14) of this section 1596
does not apply to medical savings account deposits and earnings 1597
otherwise deducted or excluded for the current or any other 1598
taxable year from the taxpayer's federal adjusted gross income. 1599

(15)(a) Add an amount equal to the funds withdrawn from a 1600
medical savings account during the taxable year, and the net 1601
investment earnings on those funds, when the funds withdrawn were 1602
used for any purpose other than to reimburse an account holder 1603
for, or to pay, eligible medical expenses, in accordance with 1604
section 3924.66 of the Revised Code; 1605

(b) Add the amounts distributed from a medical savings account under division (A)(2) of section 3924.68 of the Revised Code during the taxable year. 1606
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(16) Add any amount claimed as a credit under section 5747.059 of the Revised Code to the extent that such amount satisfies either of the following: 1609
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(a) The amount was deducted or excluded from the computation of the taxpayer's federal adjusted gross income as required to be reported for the taxpayer's taxable year under the Internal Revenue Code; 1612
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(b) The amount resulted in a reduction of the taxpayer's federal adjusted gross income as required to be reported for any of the taxpayer's taxable years under the Internal Revenue Code. 1616
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(17) Deduct the amount contributed by the taxpayer to an individual development account program established by a county department of job and family services pursuant to sections 329.11 to 329.14 of the Revised Code for the purpose of matching funds deposited by program participants. On request of the tax commissioner, the taxpayer shall provide any information that, in the tax commissioner's opinion, is necessary to establish the amount deducted under division (A)(17) of this section. 1619
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(18) Beginning in taxable year 2001, if the taxpayer is married and files a joint return and the combined federal adjusted gross income of the taxpayer and the taxpayer's spouse for the taxable year does not exceed one hundred thousand dollars, or if the taxpayer is single and has a federal adjusted gross income for the taxable year not exceeding fifty thousand dollars, deduct amounts paid during the taxable year for qualified tuition and fees paid to an eligible institution for the taxpayer, the taxpayer's spouse, or any dependent of the taxpayer, who is a resident of this state and is enrolled in or attending a program 1627
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that culminates in a degree or diploma at an eligible institution. 1637
The deduction may be claimed only to the extent that qualified 1638
tuition and fees are not otherwise deducted or excluded for any 1639
taxable year from federal or Ohio adjusted gross income. The 1640
deduction may not be claimed for educational expenses for which 1641
the taxpayer claims a credit under section 5747.27 of the Revised 1642
Code. 1643

(19) Add any reimbursement received during the taxable year 1644
of any amount the taxpayer deducted under division (A)(18) of this 1645
section in any previous taxable year to the extent the amount is 1646
not otherwise included in Ohio adjusted gross income. 1647

(B) "Business income" means income arising from transactions, 1648
activities, and sources in the regular course of a trade or 1649
business and includes income from tangible and intangible property 1650
if the acquisition, rental, management, and disposition of the 1651
property constitute integral parts of the regular course of a 1652
trade or business operation. 1653

(C) "Nonbusiness income" means all income other than business 1654
income and may include, but is not limited to, compensation, rents 1655
and royalties from real or tangible personal property, capital 1656
gains, interest, dividends and distributions, patent or copyright 1657
royalties, or lottery winnings, prizes, and awards. 1658

(D) "Compensation" means any form of remuneration paid to an 1660
employee for personal services. 1661

(E) "Fiduciary" means a guardian, trustee, executor, 1662
administrator, receiver, conservator, or any other person acting 1663
in any fiduciary capacity for any individual, trust, or estate. 1664

(F) "Fiscal year" means an accounting period of twelve months 1665
ending on the last day of any month other than December. 1666

(G) "Individual" means any natural person. 1667

(H) "Internal Revenue Code" means the "Internal Revenue Code of 1986," 100 Stat. 2085, 26 U.S.C.A. 1, as amended. 1668
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(I) "Resident" means: 1670

(1) An individual who is domiciled in this state, subject to section 5747.24 of the Revised Code; 1671
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(2) The estate of a decedent who at the time of death was domiciled in this state. The domicile tests of section 5747.24 of the Revised Code and any election under section 5747.25 of the Revised Code are not controlling for purposes of division (I)(2) of this section. 1673
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(J) "Nonresident" means an individual or estate that is not a resident. An individual who is a resident for only part of a taxable year is a nonresident for the remainder of that taxable year. 1678
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(K) "Pass-through entity" has the same meaning as in section 5733.04 of the Revised Code. 1682
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(L) "Return" means the notifications and reports required to be filed pursuant to this chapter for the purpose of reporting the tax due and includes declarations of estimated tax when so required. 1684
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(M) "Taxable year" means the calendar year or the taxpayer's fiscal year ending during the calendar year, or fractional part thereof, upon which the adjusted gross income is calculated pursuant to this chapter. 1688
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(N) "Taxpayer" means any person subject to the tax imposed by section 5747.02 of the Revised Code or any pass-through entity that makes the election under division (D) of section 5747.08 of the Revised Code. 1692
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(O) "Dependents" means dependents as defined in the Internal Revenue Code and as claimed in the taxpayer's federal income tax 1696
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return for the taxable year or which the taxpayer would have been 1698
permitted to claim had the taxpayer filed a federal income tax 1699
return. 1700

(P) "Principal county of employment" means, in the case of a 1701
nonresident, the county within the state in which a taxpayer 1702
performs services for an employer or, if those services are 1703
performed in more than one county, the county in which the major 1704
portion of the services are performed. 1705

(Q) As used in sections 5747.50 to 5747.55 of the Revised 1706
Code: 1707

(1) "Subdivision" means any county, municipal corporation, 1708
park district, or township. 1709

(2) "Essential local government purposes" includes all 1710
functions that any subdivision is required by general law to 1711
exercise, including like functions that are exercised under a 1712
charter adopted pursuant to the Ohio Constitution. 1713

(R) "Overpayment" means any amount already paid that exceeds 1714
the figure determined to be the correct amount of the tax. 1715

(S) "Taxable income" applies to estates only and means 1716
taxable income as defined and used in the Internal Revenue Code 1717
adjusted as follows: 1718

(1) Add interest or dividends on obligations or securities of 1719
any state or of any political subdivision or authority of any 1720
state, other than this state and its subdivisions and authorities; 1721

(2) Add interest or dividends on obligations of any 1722
authority, commission, instrumentality, territory, or possession 1723
of the United States that are exempt from federal income taxes but 1724
not from state income taxes; 1725

(3) Add the amount of personal exemption allowed to the 1726
estate pursuant to section 642(b) of the Internal Revenue Code; 1727

(4) Deduct interest or dividends on obligations of the United States and its territories and possessions or of any authority, commission, or instrumentality of the United States that are exempt from state taxes under the laws of the United States;

(5) Deduct the amount of wages and salaries, if any, not otherwise allowable as a deduction but that would have been allowable as a deduction in computing federal taxable income for the taxable year, had the targeted jobs credit allowed under sections 38, 51, and 52 of the Internal Revenue Code not been in effect;

(6) Deduct any interest or interest equivalent on public obligations and purchase obligations to the extent included in federal taxable income;

(7) Add any loss or deduct any gain resulting from sale, exchange, or other disposition of public obligations to the extent included in federal taxable income;

(8) Except in the case of the final return of an estate, add any amount deducted by the taxpayer on both its Ohio estate tax return pursuant to section 5731.14 of the Revised Code, and on its federal income tax return in determining either federal adjusted gross income or federal taxable income;

(9)(a) Deduct any amount included in federal taxable income solely because the amount represents a reimbursement or refund of expenses that in a previous year the decedent had deducted as an itemized deduction pursuant to section 63 of the Internal Revenue Code and applicable treasury regulations. The deduction otherwise allowed under division (S)(9)(a) of this section shall be reduced to the extent the reimbursement is attributable to an amount the taxpayer or decedent deducted under this section in any taxable year.

(b) Add any amount not otherwise included in Ohio taxable income for any taxable year to the extent that the amount is attributable to the recovery during the taxable year of any amount deducted or excluded in computing federal or Ohio taxable income in any taxable year. 1759
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(10) Deduct any portion of the deduction described in section 1341(a)(2) of the Internal Revenue Code, for repaying previously reported income received under a claim of right, that meets both of the following requirements: 1764
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(a) It is allowable for repayment of an item that was included in the taxpayer's taxable income or the decedent's adjusted gross income for a prior taxable year and did not qualify for a credit under division (A) or (B) of section 5747.05 of the Revised Code for that year. 1768
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(b) It does not otherwise reduce the taxpayer's taxable income or the decedent's adjusted gross income for the current or any other taxable year. 1773
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(11) Add any amount claimed as a credit under section 5747.059 of the Revised Code to the extent that the amount satisfies either of the following: 1776
1777
1778

(a) The amount was deducted or excluded from the computation of the taxpayer's federal taxable income as required to be reported for the taxpayer's taxable year under the Internal Revenue Code; 1779
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(b) The amount resulted in a reduction in the taxpayer's federal taxable income as required to be reported for any of the taxpayer's taxable years under the Internal Revenue Code. 1783
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(T) "School district income" and "school district income tax" have the same meanings as in section 5748.01 of the Revised Code. 1786
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(U) As used in divisions (A)(8), (A)(9), (S)(6), and (S)(7) 1789
of this section, "public obligations," "purchase obligations," and 1790
"interest or interest equivalent" have the same meanings as in 1791
section 5709.76 of the Revised Code. 1792

(V) "Limited liability company" means any limited liability 1793
company formed under Chapter 1705. of the Revised Code or under 1794
the laws of any other state. 1795

(W) "Pass-through entity investor" means any person who, 1796
during any portion of a taxable year of a pass-through entity, is 1797
a partner, member, shareholder, or investor in that pass-through 1798
entity. 1799

(X) "Banking day" has the same meaning as in section 1304.01 1800
of the Revised Code. 1801

(Y) "Month" means a calendar month. 1802

(Z) "Quarter" means the first three months, the second three 1803
months, the third three months, or the last three months of the 1804
taxpayer's taxable year. 1805

(AA)(1) "Eligible institution" means a state university or 1806
state institution of higher education as defined in section 1807
3345.011 of the Revised Code, or a private, nonprofit college, 1808
university, or other post-secondary institution located in this 1809
state that possesses a certificate of authorization issued by the 1810
Ohio board of regents pursuant to Chapter 1713. of the Revised 1811
Code or a certificate of registration issued by the state board of 1812
proprietary school registration under Chapter 3332. of the Revised 1813
Code. 1814

(2) "Qualified tuition and fees" means tuition and fees 1815
imposed by an eligible institution as a condition of enrollment or 1816
attendance, not exceeding two thousand five hundred dollars in 1817
each of the individual's first two years of post-secondary 1818
education. If the individual is a part-time student, "qualified 1819

tuition and fees" includes tuition and fees paid for the academic
equivalent of the first two years of post-secondary education
during a maximum of five taxable years, not exceeding a total of
five thousand dollars. "Qualified tuition and fees" does not
include:

(a) Expenses for any course or activity involving sports,
games, or hobbies unless the course or activity is part of the
individual's degree or diploma program;

(b) The cost of books, room and board, student activity fees,
athletic fees, insurance expenses, or other expenses unrelated to
the individual's academic course of instruction;

(c) Tuition, fees, or other expenses paid or reimbursed
through an employer, scholarship, grant in aid, or other
educational benefit program.

(BB) Any term used in this chapter that is not otherwise
defined in this section and that is not used in a comparable
context in the Internal Revenue Code and other statutes of the
United States relating to federal income taxes has the same
meaning as in section 5733.40 of the Revised Code.

Sec. 5747.70. (A) In computing Ohio adjusted gross income, a
deduction from federal adjusted gross income is allowed to a
contributor for the amount contributed during the taxable year to
a variable college savings program account and to a purchaser of
tuition ~~credits~~ units under the Ohio guaranteed college savings
program created by Chapter 3334. of the Revised Code to the extent
that the amounts of such contributions and purchases were not
deducted in determining the contributor's or purchaser's federal
adjusted gross income for the taxable year. The combined amount of
contributions and purchases deducted in any taxable year by a
taxpayer or the taxpayer and the taxpayer's spouse, regardless of
whether the taxpayer and the taxpayer's spouse file separate

returns or a joint return, is limited to two thousand dollars for 1851
each beneficiary for whom contributions or purchases are made. If 1852
the combined annual contributions and purchases for a beneficiary 1853
exceed two thousand dollars, the excess may be carried forward and 1854
deducted in future taxable years until the contributions and 1855
purchases have been fully deducted. 1856

(B) In computing Ohio adjusted gross income, a deduction from 1857
federal adjusted gross income is allowed for: 1858

(1) Income related to tuition ~~credits~~ units and contributions 1859
that as of the end of the taxable year have not been refunded 1860
pursuant to the termination of a ~~tuition payment contract~~ 1861
guaranteed college savings program account or variable college 1862
savings program account under section 3334.10 of the Revised Code, 1863
to the extent that such income is included in federal adjusted 1864
gross income. 1865

(2) The excess of the total purchase price of tuition ~~credits~~ 1866
units refunded during the taxable year pursuant to the termination 1867
of a ~~tuition payment contract~~ guaranteed college savings program 1868
account under section 3334.10 of the Revised Code over the amount 1869
of the refund, to the extent the amount of the excess was not 1870
deducted in determining federal adjusted gross income. Division 1871
(B)(2) of this section applies only to ~~credits~~ units for which no 1872
deduction was allowable under division (A) of this section. 1873
1874

(C) In computing Ohio adjusted gross income, there shall be 1875
added to federal adjusted gross income the amount of loss related 1876
to tuition ~~credits~~ units and contributions that as of the end of 1877
the taxable year have not been refunded pursuant to the 1878
termination of a ~~tuition payment contract~~ guaranteed college 1879
savings program account or variable college savings program 1880
account under section 3334.10 of the Revised Code, to the extent 1881
that such loss was deducted in determining federal adjusted gross 1882

income. 1883

(D) For taxable years in which distributions or refunds are 1884
made under a ~~tuition payment or variable college~~ CollegeAdvantage 1885
~~savings program contract~~ plan participation agreement for any 1886
reason other than payment of tuition or other higher education 1887
expenses, or the beneficiary's death, disability, or receipt of a 1888
scholarship as described in section 3334.10 of the Revised Code: 1889

(1) If the distribution or refund is paid to the purchaser or 1890
contributor or beneficiary, any portion of the distribution or 1891
refund not included in the recipient's federal adjusted gross 1892
income shall be added to the recipient's federal adjusted gross 1893
income in determining the recipient's Ohio adjusted gross income, 1894
except that the amount added shall not exceed amounts previously 1895
deducted under division (A) of this section less any amounts added 1896
under division (D)(1) of this section in a prior taxable year. 1897

(2) If amounts paid by a purchaser or contributor on or after 1898
January 1, 2000, are distributed or refunded to someone other than 1899
the purchaser or contributor or beneficiary, the amount of the 1900
payment not included in the recipient's federal adjusted gross 1901
income, less any amounts added under division (D) of this section 1902
in a prior taxable year, shall be added to the recipient's federal 1903
adjusted gross income in determining the recipient's Ohio adjusted 1904
gross income. 1905

Section 2. That existing sections 2329.66, 3334.01, 3334.02, 1906
3334.03, 3334.06, 3334.07, 3334.08, 3334.09, 3334.10, 3334.11, 1907
3334.12, 3334.15, 3334.16, 3334.17, 3334.18, 3334.19, 3334.20, 1908
5111.015, 5115.061, 5747.01, and 5747.70 of the Revised Code are 1909
hereby repealed. 1910