

1 A bill to be entitled
2 An act relating to the Florida Prepaid College
3 Program; amending s. 240.551, F.S.; revising
4 the accreditation requirements for independent
5 college or university eligibility purposes;
6 clarifying that the amount of benefits
7 transferred to an eligible independent college
8 or university, an eligible out-of-state college
9 or university, an applied technology diploma
10 program or vocational certificate program, or
11 refunded to a purchaser shall not exceed the
12 redemption value of the advance payment
13 contract at a state postsecondary institution;
14 authorizing the purchase of advance payment
15 contracts for scholarships by nonprofit
16 organizations; providing for the appointment of
17 additional members as directors of the
18 direct-support organization; providing an
19 effective date.

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21 Be It Enacted by the Legislature of the State of Florida:

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23 Section 1. Subsection (10), paragraph (e) of
24 subsection (11), paragraphs (b) and (c) of subsection (13),
25 and paragraph (e) of subsection (22) of section 240.551,
26 Florida Statutes, are amended, and subsection (23) is added to
27 that section, to read:

28 240.551 Florida Prepaid College Program.--

29 (10) TRANSFER OF BENEFITS TO PRIVATE AND OUT-OF-STATE
30 COLLEGES AND UNIVERSITIES AND TO AREA TECHNICAL CENTERS.--A

31

1 qualified beneficiary may apply the benefits of an advance
2 payment contract toward:

3 (a) Any eligible independent college or university. An
4 independent college or university that is located and
5 chartered in Florida, that is not for profit, that is
6 accredited by the Commission on Colleges of the Southern
7 Association of Colleges and Schools or the Accrediting Council
8 ~~for Commission of the Association of~~ Independent Colleges and
9 Schools, and that confers degrees as defined in s. 246.021, is
10 eligible for such application. The board shall transfer, or
11 cause to have transferred, to the eligible independent college
12 or university designated by the qualified beneficiary an
13 amount not to exceed the redemption value of the advance
14 payment contract at ~~within~~ a state postsecondary institution.
15 If the cost of registration or housing fees at the independent
16 college or university is less than the corresponding fees at a
17 state postsecondary institution, the amount transferred shall
18 not exceed the actual cost of registration or housing fees. A
19 transfer authorized under this paragraph may not exceed the
20 number of semester credit hours or semesters of dormitory
21 residence contracted on behalf of a qualified beneficiary.

22 (b) An eligible out-of-state college or university. An
23 out-of-state college or university that is not for profit and
24 is accredited by a regional accrediting association, and that
25 confers degrees, is eligible for such application. The board
26 shall transfer, or cause to have transferred, an amount not to
27 exceed the redemption value of the advance payment contract at
28 a state postsecondary institution ~~or the original purchase~~
29 ~~price plus 5 percent compounded interest, whichever is less,~~
30 ~~after assessment of a reasonable transfer fee.~~ If the cost of
31 registration or housing fees charged the qualified beneficiary

1 at the eligible out-of-state college or university is less
2 than this calculated amount, the amount transferred shall not
3 exceed the actual cost of registration or housing fees. Any
4 remaining amount shall be transferred in subsequent semesters
5 until the transfer value is depleted. A transfer authorized
6 under this paragraph may not exceed the number of semester
7 credit hours or semesters of dormitory residence contracted on
8 behalf of a qualified beneficiary.

9 (c) An applied technology diploma program or
10 vocational certificate program conducted by a community
11 college listed in s. 240.3031 or an area technical center
12 operated by a district school board. The board shall transfer
13 or cause to be transferred to the community college or area
14 technical center designated by the qualified beneficiary an
15 amount not to exceed the redemption value of the advance
16 payment contract at ~~within~~ a state postsecondary institution.
17 If the cost of the fees charged by the college or center, as
18 authorized in s. 239.117, is less than the corresponding fees
19 at a state postsecondary institution, the amount transferred
20 may not exceed the actual cost of the fees. A transfer
21 authorized under this paragraph may not exceed the number of
22 semester credit hours contracted on behalf of a qualified
23 beneficiary.

24
25 Notwithstanding any other provision in this section, an
26 institution must be an "eligible educational institution"
27 under s. 529 of the Internal Revenue Code to be eligible for
28 the transfer of advance payment contract benefits.

29 (11) ADVANCE PAYMENT CONTRACTS; CONTENTS.--The board
30 shall construct advance payment contracts for registration and
31 may construct advance payment contracts for dormitory

1 residence as provided in this section. Advance payment
2 contracts constructed for the purposes of this section shall
3 be exempt from chapter 517 and the Florida Insurance Code.
4 Such contracts shall include, but not be limited to, the
5 following:

6 (e) Except for an advance payment contract entered
7 into pursuant to subsection (22) or subsection (23), the name
8 and date of birth of the qualified beneficiary on whose behalf
9 the contract is drawn and the terms and conditions under which
10 another person may be substituted as the qualified
11 beneficiary.

12 (13) REFUNDS.--

13 (b) If the beneficiary is awarded a scholarship, the
14 terms of which cover the benefits included in the advance
15 payment contracts, moneys paid for the purchase of the advance
16 payment contracts shall be refunded ~~returned~~ to the purchaser
17 in semester installments coinciding with the matriculation by
18 the beneficiary in an amount which, in total, does not exceed
19 the redemption value of the advance payment contract at a
20 state postsecondary institution ~~amounts of either the original~~
21 ~~purchase price plus 5 percent compounded interest, or the~~
22 ~~current rates at state postsecondary institutions, whichever~~
23 ~~is less.~~

24 (c) In the event of the death or total disability of
25 the beneficiary, moneys paid for the purchase of advance
26 payment contracts shall be refunded ~~returned~~ to the purchaser
27 in an amount not to exceed the redemption value of the advance
28 payment contract at a state postsecondary institution ~~together~~
29 ~~with 5 percent compounded interest, or the current rates at~~
30 ~~state postsecondary institutions, whichever is less.~~

31 (22) DIRECT-SUPPORT ORGANIZATION; AUTHORITY.--

1 (e) The chair and the executive director of the board
2 shall be directors of the direct-support organization and
3 shall jointly name, at a minimum, three other individuals to
4 serve as directors of the organization.

5 (23) SCHOLARSHIPS.--A nonprofit organization described
6 in s. 501 (c)(3) of the United States Internal Revenue Code
7 and exempt from taxation under s. 501(a) of the United States
8 Internal Revenue Code may purchase advance payment contracts
9 for a scholarship program that has been approved by the board
10 and is operated by the purchasing organization.

11 Section 2. This act shall take effect July 1, 2001.
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