

BILL ANALYSIS

Senate Research Center

S.B. 1588
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Jurisprudence
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DIGEST AND PURPOSE

Currently, investments by Texans in Texas' two 529 college savings plans enjoy creditor protection. However, no similar protection exists for Texans investing in the 529 plans of other states. As proposed, S.B. 1588 provides protection of college savings plans from attachment, execution, and seizure to satisfy debt.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 42, Title 5, Property Code, by adding Section 42.0022, as follows:

Section 42.0022. Additional Exemption for College Savings Plan. (a) Provides that in addition to the exemption prescribed by Section 42.001, a person's right to the assets held in or to receive payments under any fund or plan established under Chapter 54F, Education Code, any fund or plan established under Chapter 54G, Education Code, or any qualified tuition program of any state meeting the requirements of Section 529 of the Internal Revenue Code of 1986, is exempt from attachment, execution, and seizure for the satisfaction of debts. Provides that if this subsection is held invalid or preempted by federal law in whole or in part or in certain circumstances, the subsection remains in effect in all other respects to the maximum extent permitted by law.

SECTION 2. (a) Effective date: September 1, 2003.

(b) Makes application of this Act prospective.