

FISCAL IMPACT OF PROPOSED LEGISLATION

Measure: HB 2299 - A

Seventy-Seventh Oregon Legislative Assembly – 2013 Regular Session
Legislative Fiscal Office

*Only Impacts on Original or Engrossed
Versions are Considered Official*

Prepared by: Kim To
Reviewed by: Linda Ames, John Borden
Date: 3/1/2013

Measure Description:

Directs State Registrar of Center for Health Statistics to send data file containing parents' names and mother's address to State Treasurer for each child born in Oregon to residents of this state.

Government Unit(s) Affected:

Oregon Health Authority (OHA), Oregon State Treasurer

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

House Bill 2299 – A Engrossed requires the State Registrar of the Center for Health Statistics, Oregon Health Authority (OHA) to provide to the Oregon 529 College Savings Board, on a quarterly basis, data containing information about the birth of each child born in Oregon to residents of the state. The bill directs the State Registrar and the Oregon 529 College Savings Board to enter into an agreement to implement this data transfer.

Within 30 days after receiving information from the State Registrar, the Oregon 529 College Savings Board is directed to use this information to notify each child's parents of the opportunity to open an Oregon 529 College Savings Network account. In addition, the bill establishes the Oregon College Savings Matching Fund in the State Treasury. If there is sufficient funds in the Oregon College Savings Matching account, the Oregon 529 College Savings Board may use moneys in the fund to make matching deposits of at least \$100 or such other amount as the board may specify by rule.

Oregon Health Authority (OHA)

The Oregon Health Authority estimates the cost of collecting, storing and transferring the data required by this bill to be a one-time data transfer setup cost of approximately \$8,204. This cost is anticipated to be covered by the Oregon 529 College Savings Board. Note that the State Registrar will transfer the data to the Oregon State Treasurer because due to confidentiality agreements, the State Registrar can only share records with other state agencies.

Oregon State Treasurer

According to the Oregon State Treasury, the Oregon 529 College Savings Board expects to be able to absorb the \$8,204 one-time data transfer setup cost to implement the data delivery portion of this bill within its 2013-15 biennial budget. The Oregon State Treasury also reports that the Oregon 529 College Savings Board will absorb the cost of notifying each child's parents of the opportunity to open an Oregon 529 College Savings Network account within its existing marketing budget. The Legislative Fiscal Office notes, however, that the Treasurer has requested as part of the 2013-15 budget an additional \$1.2 million for a public education and awareness campaign for its 529 College Savings Network program.

House Bill 2299 establishes the Oregon College Savings Matching Fund in the State Treasury. The Oregon 529 College Savings Board may accept grants, donations, contributions or gifts from any source for deposit to the Oregon College Savings Matching Fund. The Legislative Fiscal Office believes that

this language does not authorize any state agency to transfer moneys to the Fund without specific legislative direction. The bill specifically states that if there are sufficient funds in the Oregon College Savings Matching account, the board may use moneys in the fund to make matching deposits of at least \$100 or such other amount as the board may specified by rule. At this time, a specific revenue source is not identifiable, and the measure does not specify how the board shall determine whether sufficient funds are available to make matching deposits.

According to the Oregon Health Authority population data, the number of live births in Oregon averages approximately 44,000 per year. The percentage of parents who would participate in this program is indeterminate at this time. As a point of reference, assuming that 50% of all eligible parents participated in the program, and the board chooses to make matching deposits into the accounts established, the total cost of matching deposits, if these deposits were at the \$100 minimum level, would equal approximately \$2.2 million per year.

This bill requires budgetary action for the establishment of an Other Funds expenditure limitation for the Oregon College Savings Matching Fund.

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action:	Do Pass as Amended and Be Printed Engrossed
Vote:	8 - 0 - 1
Yeas:	Gallegos, Gilliam, Gorsek, Harker, Huffman, Johnson, Whisnant, Dembrow
Nays:	0
Exc.:	Greenlick
Prepared By:	Victoria Cox, Administrator
Meeting Dates:	2/8, 3/1

WHAT THE MEASURE DOES: Requires State Registrar of Center for Health Statistics to send data file containing parents' names and mother's address to Oregon 529 College Savings Board (Board) for each child born to Oregon residents and Board to send notice to parents of opportunity to open college savings account. Directs Board to establish account at request of parent. Establishes Oregon College Savings Matching Fund. Continuously appropriates moneys in fund to Board for matching deposits to college savings accounts.

ISSUES DISCUSSED:

- Increased likelihood of post-secondary education for plan participants
- Results of earlier investment in college savings plans

EFFECT OF COMMITTEE AMENDMENT: Substitutes Oregon 529 College Savings Board for State Treasurer as entity designated to receive data from State Registrar of Center for Health Statistics and contact parents regarding college savings accounts.

BACKGROUND: The Oregon 529 College Savings Network is an investment tool that provides state and federal tax advantages for investing in college savings plans. Oregon currently offers two 529 plans administered by the Office of the State Treasurer and overseen by the Oregon 529 College Savings Board. House Bill 2299-A creates a vehicle to inform parents of their eligibility to open such an account, by requiring the State Registrar of the Center for Health Statistics to provide quarterly reports to the Board containing the parents' names and mother's mailing address for each child born in Oregon to parents who reside here. The Board will provide information to the parents regarding college savings accounts and establish accounts for those parents who choose to participate. Additionally, the measure establishes the Oregon College Savings Matching Fund to allow deposits in college savings accounts to be matched by the Board as determined by rule.

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action:	Do Pass the A-Engrossed Measure and Be Referred to the Committee on Ways and Means by Prior Reference
Vote:	4 - 0 - 1
Yeas:	Knopp, Kruse, Roblan, Hass
Nays:	0
Exc.:	Beyer
Prepared By:	Richard Donovan, Administrator
Meeting Dates:	4/23

WHAT THE MEASURE DOES: Directs State Registrar of Center for Health Statistics to send data file containing parents' names and mother's address to Oregon 529 College Savings Board for each child born in Oregon to residents of this state. Requires Oregon 529 College Savings Board to send notice to parents of child of opportunity to open college savings account. Directs Oregon 529 College Savings Board to establish college savings account at request of parent. Establishes Oregon College Savings Matching Fund. Continuously appropriates moneys in fund to board. Authorizes board to use moneys in fund, if board finds amount in fund sufficient, to make matching deposits into college savings accounts.

ISSUES DISCUSSED:

- Existing 529 investment programs
- Cost of measure
- Focus of measure on information and awareness
- Privacy procedures and practices for management of personal information of recipients of notification

EFFECT OF COMMITTEE AMENDMENT: No amendment.

BACKGROUND: The Oregon 529 College Savings Network is an investment tool that provides state and federal tax advantages for investing in college savings plans. Oregon currently offers two 529 plans administered by the Office of the State Treasurer and overseen by the Oregon 529 College Savings Board. House Bill 2299-A creates a vehicle to inform parents of their eligibility to open such an account. House Bill 2299-A requires the State Registrar of the Center for Health Statistics to provide quarterly reports to the Board containing the parents' names and mother's mailing address for each child born in Oregon to parents who reside here. The Board will provide information to the parents regarding college savings accounts and establish accounts for those parents who choose to participate. Additionally, the measure establishes the Oregon College Savings Matching Fund to allow deposits in college savings accounts to be matched by the Board, as determined by rule.

4/26/2013 2:40:00 PM

This summary has not been adopted or officially endorsed by action of the committee.

A-Engrossed
House Bill 2299

Ordered by the House March 4
Including House Amendments dated March 4

Sponsored by Representative READ; Representatives GARRETT, GELSER (Presession filed.)

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure.

Directs State Registrar of Center for Health Statistics to send data file containing parents' names and mother's address to [*State Treasurer*], **Oregon 529 College Savings Board** for each child born in Oregon to residents of this state. Requires [*State Treasurer*] **Oregon 529 College Savings Board** to send notice to parents of child of opportunity to open college savings account.

Directs Oregon 529 College Savings Board to establish college savings account at request of parent.

Establishes Oregon College Savings Matching Fund. Continuously appropriates moneys in fund to board. Authorizes board to use moneys in fund, if board finds amount in fund sufficient, to make matching deposits into college savings accounts.

A BILL FOR AN ACT

1
2 Relating to Oregon 529 College Savings Network accounts; creating new provisions; amending ORS
3 348.841, 348.857 and 432.121; and appropriating money.

4 **Be It Enacted by the People of the State of Oregon:**

5 **SECTION 1. Section 2 of this 2013 Act is added to and made a part of ORS 432.005 to**
6 **432.165.**

7 **SECTION 2. (1) For each child born in Oregon to residents of this state, the State**
8 **Registrar of the Center for Health Statistics shall, on a quarterly basis, send or deliver by**
9 **secure electronic or other reasonable means to the Oregon 529 College Savings Board a data**
10 **file containing the names of the parents of the child and the mother's mailing address for**
11 **the purpose of implementing section 5 of this 2013 Act.**

12 **(2) The state registrar and the Oregon 529 College Savings Board shall enter into an**
13 **agreement to implement the provisions of this section, including but not limited to the**
14 **transfer, storage and destruction of data files.**

15 **SECTION 3. ORS 432.121 is amended to read:**

16 432.121. (1) To protect the integrity of vital records and vital reports, to ensure their proper use
17 and to ensure the efficient and proper administration of the system of vital statistics, it shall be
18 unlawful for any person to permit inspection of, or to disclose information from vital records or vital
19 reports in the custody of the State Registrar of the Center for Health Statistics, county registrar
20 or local registrar or to copy or issue a copy of all or part of any such record or report unless au-
21 thorized by this chapter and by rules adopted pursuant thereto or by order of a court of competent
22 jurisdiction. Rules adopted under this section shall provide for adequate standards of security and
23 confidentiality of vital records and vital reports. The state registrar shall adopt rules to ensure
24 that, for records of dissolution of marriage issued in proceedings under ORS 107.085 or 107.485, So-

NOTE: Matter in **boldfaced** type in an amended section is new; matter [*italic and bracketed*] is existing law to be omitted.
New sections are in **boldfaced** type.

1 cial Security numbers of the parties are kept confidential and exempt from public inspection.

2 (2) The State Registrar of the Center for Health Statistics shall authorize the inspection, dis-
3 closure and copying of the information referred to in subsection (1) of this section as follows:

4 (a) To the subject of the record; spouse, child, parent, sibling or legal guardian of the subject
5 of the record; an authorized representative of the subject of the record, spouse, child, parent, sibling
6 or legal guardian of the subject of the record; and, in the case of death, marriage or divorce records,
7 to other next of kin.

8 (b) When a person demonstrates that a death, marriage or divorce record is needed for the de-
9 termination or protection of a personal or property right.

10 (c) When 100 years have elapsed after the date of birth or 50 years have elapsed after the date
11 of death, marriage or divorce.

12 (d) When the person requesting the information demonstrates that the person intends to use the
13 information solely for research purposes. In order to receive the information, the person must submit
14 a written request to the state registrar requesting a research agreement. The state registrar shall
15 issue a research agreement if the person demonstrates that the information will be used only for
16 research and will be held confidential. The research agreement shall prohibit the release by the
17 person of any information other than that authorized by the agreement that might identify any
18 person or institution.

19 (e) To the federal agency responsible for national vital statistics, upon request. The copies or
20 data may be used solely for the conduct of official duties. Before furnishing the records, reports or
21 data, the state registrar shall enter into an agreement with the federal agency indicating the sta-
22 tistical or research purposes for which the records, reports or data may be used. The agreement
23 shall also set forth the support to be provided by the federal agency for the collection, processing
24 and transmission of the records, reports or data. Upon written request of the federal agency, the
25 state registrar may approve, in writing, additional statistical or research uses of the records, reports
26 or data supplied under the agreement.

27 (f) To federal, state and local governmental agencies, upon request. The copies or data may be
28 used solely for the conduct of official duties of the requesting governmental agency.

29 (g) To offices of vital statistics outside this state when such records or other reports relate to
30 residents of those jurisdictions or persons born in those jurisdictions. Before furnishing the records,
31 reports or data, the state registrar shall enter into an agreement with the office of vital statistics.
32 The agreement shall specify the statistical and administrative purposes for which the records, re-
33 ports or data may be used and the agreement shall further provide instructions for the proper re-
34 tention and disposition of the copies. Copies received by the Center for Health Statistics from offices
35 of vital statistics in other states shall be handled in the same manner as prescribed in this section.

36 (h) To an investigator licensed under ORS 703.430, upon request.

37 **(i) To the Oregon 529 College Savings Board as described in section 2 of this 2013 Act.**

38 (3) The state registrar, upon request of a family member or legal representative, shall issue a
39 certified copy or other copy of a death certificate containing the cause of death information as
40 provided in subsection (2) of this section or as follows:

41 (a) When a person has demonstrated through documented evidence a need for the cause of death
42 to establish a legal right or claim.

43 (b) When the request for the copy is made by or on behalf of an organization that provides
44 benefits to the decedent's survivors or beneficiaries.

45 (4) Nothing in this section prohibits the release of information or data that would not identify

1 any person or institution named in a vital record or a vital report.

2 (5) Nothing in this section shall prohibit a health care provider from disclosing information
3 contained in the provider's records as otherwise allowed by law.

4 (6) Nothing in this section shall be construed to permit disclosure of information contained in
5 the "Information for Medical and Health Use Only" section of the birth certificate, fetal death re-
6 port or the "Information for Statistical Purposes Only" section or other confidential section of the
7 application, license and record of marriage or certificate of divorce, unless specifically authorized
8 by the state registrar for statistical or research purposes. The data shall not be subject to subpoena
9 or court order and shall not be admissible before any court, tribunal or judicial body.

10 (7) All forms and procedures used in the issuance of certified copies of vital records and vital
11 reports shall be uniform and provided by or approved by the state registrar. All certified copies is-
12 sued shall have security features that safeguard the document against alteration, counterfeiting,
13 duplication or simulation without ready detection.

14 (8) Each copy issued shall show the date of filing. Copies issued from records marked
15 "Amended" shall be similarly marked and shall show the effective date of the amendment. Copies
16 issued from records marked "Delayed" shall be similarly marked and shall include the date of filing
17 and a description of the evidence used to establish the delayed certificate.

18 (9) Any copy issued of a certificate of foreign birth shall indicate this fact and show the actual
19 place of birth and the fact that the certificate is not proof of United States citizenship for an
20 adoptive child.

21 (10) Appeals from decisions of the state registrar to refuse to disclose information or to permit
22 inspection or copying of records as prescribed by this section and rules adopted pursuant thereto
23 shall be made under ORS chapter 183.

24 (11) The state registrar shall adopt rules to implement this section in accordance with the ap-
25 plicable sections of ORS chapter 183.

26 (12) Indexes of deaths, marriages or divorces that list names, dates of events, county of events
27 or certificate numbers may be disclosed.

28 **SECTION 4. Section 5 of this 2013 Act is added to and made a part of ORS 348.841 to**
29 **348.873.**

30 **SECTION 5. (1) Within 30 days after receiving information about the birth of a child from**
31 **the State Registrar of the Center for Health Statistics under section 2 of this 2013 Act, the**
32 **Oregon 529 College Savings Board shall notify the parents of the child whose birth informa-**
33 **tion was received of the opportunity to open an account under ORS 348.857 for the benefit**
34 **of their child as designated beneficiary of the account.**

35 **(2) Notice shall be sent to the address of the mother as received from the state registrar**
36 **and must include, at a minimum, the following:**

37 **(a) The purpose of the account;**

38 **(b) Actions the parents must take to establish an account; and**

39 **(c) How, when and for what purposes qualified withdrawals from the account may be**
40 **made.**

41 **(3) Upon receipt of an acknowledgment from one or both parents of a child on whose**
42 **behalf a notice was sent under this section that one or both parents want to establish an**
43 **account for their child as designated beneficiary, and upon compliance with all other re-**
44 **quirements preliminary to establishing an account, as set forth by the Oregon 529 College**
45 **Savings Board by rule, an account shall be established as described in this section and ORS**

1 348.857.

2 (4)(a) A parent who is younger than 18 years of age at the time an account is established
3 under subsection (3) of this section must have a person who is 18 years of age or older serve
4 as the account owner unless the parent has been emancipated by judgment of the court un-
5 der ORS 419B.550 to 419B.558.

6 (b) Upon reaching 18 years of age, a parent may apply to the board to be designated as
7 account owner of the account.

8 (5) If a parent was an Oregon resident at the time of the birth of a child of the parent
9 and the child was born outside of Oregon, the parent may apply to the board to establish an
10 account under this section, provided the parent is an Oregon resident at the time of appli-
11 cation.

12 (6)(a) The board may, upon determining that a child for whom an account has not been
13 established under this section has been lawfully adopted, send notice as provided in sub-
14 section (2) of this section to the adoptive parents.

15 (b) If an account has already been established under this section for the adopted child
16 and the current account owner agrees, the adoptive parents may apply to the board to
17 change the designated account owners, if different from the adoptive parents, to the adoptive
18 parents.

19 (c) The provisions of this section apply to accounts established for an adopted child under
20 this subsection.

21 (7) The board may adopt rules to administer this section.

22 **SECTION 6.** (1) The Oregon College Savings Matching Fund is established in the State
23 Treasury, separate and distinct from the General Fund. Moneys in the Oregon College
24 Savings Matching Fund may be invested as provided by ORS 293.701 to 293.820. Interest
25 earned by moneys in the fund and the earnings of any investments shall be credited to the
26 fund. All moneys credited to the fund are continuously appropriated to the Oregon 529 Col-
27 lege Savings Board for the purposes of carrying out the provisions of this section and section
28 5 of this 2013 Act.

29 (2) The board may accept grants, donations, contributions or gifts from any source for
30 deposit in the Oregon College Savings Matching Fund for the purpose of providing matching
31 deposits as described in subsection (4) of this section.

32 (3) The State of Oregon has no proprietary interest in the contributions to or earnings
33 of the Oregon College Savings Matching Fund or in deposits made to the fund. The state
34 waives any right of reclamation the state may have to the fund assets. This subsection does
35 not limit the ability of the board to alter or refund a payment made erroneously. Except as
36 otherwise provided by law, the board is the trustee of all moneys in the fund.

37 (4) If amounts deposited in the Oregon College Savings Matching Fund are sufficient, the
38 board may use moneys in the fund to make matching deposits into accounts established un-
39 der section 5 of this 2013 Act of at least \$100 or such other amount as the board may specify
40 by rule. The board shall ensure that:

41 (a) A matching deposit made to an account under this subsection does not exceed the
42 amount otherwise deposited into the account in the preceding 12 months;

43 (b) The amount otherwise deposited into the account in the preceding 12 months is de-
44 posited in one or more installments at intervals as determined by the board by rule; and

45 (c) A designated beneficiary does not receive matching funds through more than one

1 **account.**

2 (5)(a) **If a nonqualified withdrawal is made from an account established under section 5**
3 **of this 2013 Act that reduces the balance of the account to an amount less than the amount**
4 **deposited by the board into the account from the Oregon College Savings Matching Fund,**
5 **plus or minus earnings or losses on that amount, the amount of the withdrawal that is at-**
6 **tributable to the amount deposited by the board, plus or minus earnings or losses on that**
7 **amount, constitutes an amount owed to the board that may be recovered as a setoff of any**
8 **amounts owed by the State of Oregon to the account owner or by any other means available**
9 **at law for repayment of moneys owed to the state. Any moneys recovered as amounts owed**
10 **to the board under this paragraph shall be deposited into the fund.**

11 (b) **If a nonqualified withdrawal is made from an account established under section 5 of**
12 **this 2013 Act that has a balance less than the amount deposited into the account from the**
13 **Oregon College Savings Matching Fund, plus or minus earnings or losses on that amount,**
14 **the amount of the withdrawal constitutes an amount owed to the board that may be recov-**
15 **ered as a setoff of any amounts owed by the State of Oregon to the account owner or by any**
16 **other means available at law for repayment of moneys owed to the state. Any moneys re-**
17 **covered as amounts owed to the board under this paragraph shall be deposited into the fund.**

18 (6) **The board may adopt rules to administer this section.**

19 **SECTION 7.** ORS 348.841, as amended by section 25, chapter 31, Oregon Laws 2012, is amended
20 to read:

21 348.841. As used in ORS 348.841 to 348.873:

22 (1) "Account" means an individual account established in accordance with ORS 348.841 to
23 348.873.

24 (2) "Account owner" means the person who has the right to withdraw funds from the account.
25 **Except for accounts established under section 5 of this 2013 Act,** the account owner may also
26 be the designated beneficiary of the account.

27 (3) "Board" means the Oregon 529 College Savings Board established under ORS 348.849.

28 (4) "Designated beneficiary" means, except as provided in ORS 348.867, the individual designated
29 at the time the account is opened as having the right to receive a qualified withdrawal for the
30 payment of qualified higher education expenses, or if the designated beneficiary is replaced in ac-
31 cordance with ORS 348.867, the replacement.

32 (5) "Financial institution" means a bank, a commercial bank, a national bank, a savings bank,
33 a savings and loan, a thrift institution, a credit union, an insurance company, a trust company, a
34 mutual fund, an investment firm or other similar entity authorized to do business in this state.

35 (6) "Higher education institution" means an eligible education institution as defined in section
36 529(e)(5) of the Internal Revenue Code.

37 (7) "Internal Revenue Code" means the federal Internal Revenue Code as amended and in effect
38 on December 31, 2011.

39 (8) "Member of the family" shall have the same meaning as contained in section 529(e) of the
40 Internal Revenue Code.

41 (9) "Network" means the Oregon 529 College Savings Network established under ORS 348.841
42 to 348.873.

43 (10) "Nonqualified withdrawal" means a withdrawal from an account that is not a qualified
44 withdrawal.

45 (11) "Qualified higher education expenses" means tuition and other permitted expenses as set

1 forth in section 529(e) of the Internal Revenue Code for the enrollment or attendance of a designated
2 beneficiary at a higher education institution.

3 (12) "Qualified withdrawal" means a withdrawal made as prescribed under ORS 348.870 and
4 made:

5 (a) From an account to pay the qualified higher education expenses of the designated benefi-
6 cary;

7 (b) As the result of the death or disability of the designated beneficiary;

8 (c) As the result of a scholarship, allowance or payment described in section 135(d)(1)(A), (B)
9 or (C) of the Internal Revenue Code that is received by the designated beneficiary, but only to the
10 extent of the amount of the scholarship, allowance or payment; or

11 (d) As a rollover or change in the designated beneficiary described in ORS 348.867.

12 **SECTION 8.** ORS 348.857 is amended to read:

13 348.857. (1) An account owner may establish an account:

14 (a) By making an initial contribution to the Oregon 529 College Savings Network in the name
15 of the designated beneficiary; or

16 (b) **As described in section 5 of this 2013 Act.** [*Once a contribution is made it becomes part*
17 *of the network and subject to the provisions of ORS 348.841 to 348.873.*]

18 (2) Any person may make a contribution to an account once an account is opened. **Once a**
19 **contribution is made it becomes part of the network and subject to the provisions of ORS**
20 **348.841 to 348.873.**

21 (3) Contributions to an account shall be made only in cash and may be deposited as provided in
22 ORS 305.796.

23 (4) Total contributions to all accounts established on behalf of a particular beneficiary may not
24 exceed those reasonably necessary to provide for the qualified higher education expenses of the
25 designated beneficiary. The Oregon 529 College Savings Board shall establish maximum contribution
26 limits applicable to network accounts and shall require the provision of any information from the
27 account owner and the designated beneficiary that the board deems necessary to establish these
28 limits.

29 (5) Separate records and accounting shall be required for each account and reports shall be
30 made no less frequently than annually to the account owner.

31 (6) The board may collect application, account or administrative fees to defray the costs of the
32 network.

33 **SECTION 9.** Sections 2, 5 and 6 of this 2013 Act and the amendments to ORS 348.841,
34 348.857 and 432.121 by sections 3, 7 and 8 of this 2013 Act apply to children born to Oregon
35 residents on or after the effective date of this 2013 Act.

36