

1 HB775
2 115019-2
3 By Representative Bentley (Constitutional Amendment)
4 RFD: Education Appropriations
5 First Read: 25-MAR-10

1 accordance with Sections 284, 285, and 287 of the Constitution
2 of Alabama of 1901, now appearing as Section 284, 285, and 287
3 of the Official Recompilation of the Constitution of Alabama
4 of 1901, as amended:

5 PROPOSED AMENDMENT

6 (a) The Board of Directors of the Wallace-Folsom
7 College Savings Investment Plan shall, not later than ~~twelve~~
8 thirty-six months following the ratification of this
9 amendment, invest all of the assets of the Prepaid Affordable
10 College Tuition (PACT) Trust Fund, except assets needed to pay
11 obligations that will be incurred within twelve months or
12 less, in investments that will generate a return of principal
13 and interest that provides equal annual payments to the PACT
14 Trust Fund over a twenty-year amortization period. The
15 investments must be government-backed securities or must be
16 purchased from an entity that is rated A+ by A.M. Best
17 Company. The Board shall purchase the investments after a
18 competitive bid process, and the investments shall be
19 purchased from the bidder that offers the highest rate of
20 return.

21 (b) No new enrollees shall be accepted into the PACT
22 Program following the ratification of this amendment, and no
23 benefits shall be paid except to a beneficiary of a PACT
24 contract purchased prior to the ratification of this amendment
25 that is still in force when this amendment is ratified.

1 (c) In the event that the amounts received in any
2 fiscal year by the PACT Trust Fund are not sufficient to pay
3 the benefit payment obligations during that fiscal year, the
4 Board of Directors of the Wallace-Folsom College Savings
5 Investment Plan is authorized to borrow from the Alabama Trust
6 Fund an amount necessary to pay the balance of benefit
7 payments due to PACT beneficiaries during that fiscal year. In
8 the event funds are withdrawn from the Alabama Trust Fund as
9 provided in this subsection, an additional amount equal to
10 twenty-five percent of the amount withdrawn from the Alabama
11 Trust Fund shall be transferred from the Alabama Trust Fund to
12 the County and Municipal Government Capital Improvement Trust
13 Fund. The Board shall be required to repay the amounts
14 borrowed to the Alabama Trust Fund in subsequent fiscal years
15 when the revenues of the PACT Program exceed the benefit
16 payments due to PACT beneficiaries. When any amounts are
17 repaid to the Alabama Trust Fund, an amount equal to
18 twenty-five percent of the amount repaid shall be transferred
19 from the County and Municipal Government Capital Improvement
20 Trust Fund to the Alabama Trust Fund. All borrowed amounts
21 must be repaid within twenty years following the date the
22 funds were borrowed.

23 Section 2. An election upon the proposed amendment
24 shall be held at the earlier of the next statewide run-off
25 election or the next statewide general election in accordance
26 with Sections 284 and 285 of the Constitution of Alabama of

1 1901, now appearing as Sections 284 and 285 of the Official
2 Recompilation of the Constitution of Alabama of 1901, as
3 amended, and the election laws of this state.

4 Section 3. The appropriate election official shall
5 assign a ballot number for the proposed constitutional
6 amendment on the election ballot and shall set forth the
7 following description of the substance or subject matter of
8 the proposed constitutional amendment:

9 "Proposing an amendment to the Constitution of
10 Alabama of 1901, to mandate that the Board of Directors of the
11 Wallace-Folsom College Savings Investment Plan invest all of
12 the assets of the Prepaid Affordable College Tuition (PACT)
13 Trust Fund, with certain exceptions, in investments that will
14 generate a return of principal and interest that provides
15 equal annual payments to the PACT Trust Fund over a
16 twenty-year amortization period; to prohibit new enrollees
17 from being accepted into the PACT Program after the
18 ratification of this amendment; and to allow the Board of
19 Directors of the Wallace-Folsom College Savings Investment
20 Plan to borrow from the Alabama Trust Fund the difference
21 between the PACT Program's investment returns and benefit
22 payments, provided that the Board shall repay amounts borrowed
23 within twenty years.

24 "Proposed by Act _____."

25 This description shall be followed by the following
26 language:

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"Yes () No ()."

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House of Representatives

Read for the first time and re-
ferred to the House of Representa-
tives committee on Education Appro-
priations 25-MAR-10

Read for the second time and placed
on the calendar 01-APR-10

Read for the third time and passed
as amended 13-APR-10

Yeas 102, Nays 0, Abstains 0

Greg Pappas
Clerk