

1 HB122
2 114943-1
3 By Representatives Wren, Baker (A), Clouse, Curtis, Hubbard,
4 Ford, Gaston, Fincher, Ison and Grimes
5 RFD: Education Appropriations
6 First Read: 12-JAN-10
7 PFD: 01/07/2010

2
3
4
5
6
7
8 SYNOPSIS: The Alabama Prepaid Affordable College
9 Tuition Program (PACT) was created as part of the
10 Wallace-Folsom College Savings Investment Plan by
11 the Alabama Legislature. Confusion exists regarding
12 whether some PACT contract benefits, specifically
13 those benefits payable under contracts issued after
14 1995, will be honored by the state in the event
15 assets of the PACT Trust Fund become insufficient
16 to cover the obligations owed to all beneficiaries
17 of PACT contracts.

18 This bill expresses the intent of the
19 Legislature that the benefits provided under each
20 PACT contract in force as of the effective date of
21 this act will be honored, regardless of the date
22 the contract was issued.

23
24 A BILL
25 TO BE ENTITLED
26 AN ACT
27

1 Regarding the Alabama Prepaid Affordable College
2 Tuition Program (PACT) created as part of the Wallace-Folsom
3 College Savings Investment Plan by the Alabama Legislature, to
4 express the intent of the Legislature regarding PACT
5 contracts; and to provide that the benefits provided under
6 each PACT contract in force as of the effective date of this
7 act shall be honored, regardless of the date the contract was
8 issued.

9 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

10 Section 1. The Legislature of Alabama created as
11 part of the Wallace-Folsom College Savings Investment Plan the
12 Alabama Prepaid Affordable College Tuition Program (PACT).
13 PACT was specifically created for the purpose of encouraging
14 timely financial planning for higher education, and many
15 Alabamians have entered into PACT contracts since the
16 program's inception. While the language of these contracts may
17 not have been uniform, the intention of each purchaser was
18 clear: by entering into a PACT contract, tuition and mandatory
19 fees would be paid by the program for all PACT beneficiaries.
20 It is the intent of the Legislature to honor the promises
21 contained in each PACT contract.

22 Section 2. Notwithstanding any provision of law to
23 the contrary, all benefits payable under PACT contracts in
24 force as of the effective date of this act, regardless of the
25 date the contracts were issued, will be honored by the state
26 in the event assets of the PACT Trust Fund become insufficient

1 to cover the obligations owed to any beneficiary of a PACT
2 contract.

3 Section 3. This act shall become effective
4 immediately upon its passage and approval by the Governor, or
5 its otherwise becoming law.