

### **164A.700 Definitions for KRS 164A.700 to 164A.709.**

As used in KRS 164A.700 to 164A.709, unless the context requires otherwise:

- (1) "Academic year" means the time period specified by each eligible educational institution;
- (2) "Board" means the board of directors of the Kentucky Higher Education Assistance Authority acting in the capacity of the board of directors of the Commonwealth postsecondary education prepaid tuition trust fund;
- (3) "Eligible educational institution" means an institution defined in the Internal Revenue Code of 1986, as amended, 26 U.S.C. sec. 529(e)(5);
- (4) "Fund" means the prepaid tuition payment fund created in KRS 164A.701 and known as the "Commonwealth Postsecondary Education Prepaid Tuition Trust Fund" or "Kentucky's Affordable Prepaid Tuition" (KAPT);
- (5) "Prepaid tuition" means the amount of tuition estimated by the board for the tuition plan under the prepaid tuition contract;
- (6) "Prepaid tuition academic year conversion" means the difference between the amount of prepaid tuition required in the original prepaid tuition contract and the amount of prepaid tuition required in an amended prepaid tuition contract as the result of the change in the academic year;
- (7) "Prepaid tuition academic year conversion shortfall" means the amount by which the prepaid tuition required in an amended prepaid tuition contract as the result of the change in the academic year exceeds the amount of prepaid tuition required in the original prepaid tuition contract;
- (8) "Prepaid tuition account" means the account for a qualified beneficiary as specified in the prepaid tuition contract;
- (9) "Prepaid tuition contract" means the contract entered into by the board and the purchaser for the purchase of prepaid tuition for a qualified beneficiary to attend any eligible educational institution as provided in KRS 164A.700 to 164A.709;
- (10) "Prepaid tuition conversion" means the difference between the value of a prepaid tuition account and the tuition at an eligible educational institution;
- (11) "Prepaid tuition conversion shortfall" means the amount by which the actual tuition cost at an eligible educational institution exceeds the amount of the value of a prepaid tuition account;
- (12) "Purchaser" means a person, corporation, association, partnership, or other legal entity who enters into a prepaid tuition contract;
- (13) "Qualified beneficiary" means a designated beneficiary, as defined in 26 U.S.C. sec. 529(e)(1), who is:
  - (a) A Kentucky resident designated as beneficiary at the time a purchaser enters into a prepaid tuition contract; or
  - (b) A nonresident designated at the time a purchaser enters into a prepaid tuition contract who intends to attend an eligible institution in Kentucky; or
  - (c) A new beneficiary, in the case of a change of beneficiaries under provisions of

KRS 164A.707; or

- (d) An individual receiving a scholarship in the case of a prepaid tuition contract purchased by a state or local government or agency or instrumentality thereof or an organization described in 26 U.S.C. sec. 501(c)(3), and exempt from federal income taxation pursuant to 26 U.S.C. sec. 501(a) as part of a scholarship program offered by the government entity or the organization;
- (14) "Qualified postsecondary education expenses" means qualified higher education expenses as defined in 26 U.S.C. sec. 529(e)(3);
- (15) "Tuition" means the prevailing tuition and all mandatory fees charged as a condition of full-time enrollment in an undergraduate program for an academic year for a qualified beneficiary to attend an eligible educational institution;
- (16) "Tuition Account Program Office" or "office" means the office in the Kentucky Higher Education Assistance Authority that is responsible for administering the prepaid tuition program and its accounts;
- (17) "Tuition plan" means a tuition plan approved by the board and provided under a prepaid tuition contract;
- (18) "Utilization period" means:
  - (a) For a prepaid tuition account depleted or terminated prior to June 27, 2019, the period of time in which a prepaid tuition contract is to be used beginning with the projected college entrance year and continuing for the number of prepaid tuition years purchased; or
  - (b) For a prepaid tuition account not depleted or terminated as of June 27, 2019, the period of time in which a prepaid tuition contract is to be used beginning with the projected college entrance year and continuing for eight (8) years; and
- (19) "Value of a prepaid tuition account" means the amount which the fund is obligated to pay for a prepaid tuition contract, when a purchaser has paid it in full, that is calculated by multiplying the plan tuition amount for the academic period by the number of prepaid tuition years purchased, less any portion previously paid; except, under a tuition plan for private colleges and universities, tuition shall be calculated based on the same percentage that University of Kentucky tuition is increased from the year the prepaid tuition contract is purchased to the year of payment.

**Effective:** June 27, 2019

**History:** Amended 2019 Ky. Acts ch. 9, sec. 1, effective June 27, 2019. -- Amended 2014 Ky. Acts ch. 34, sec. 1, effective July 15, 2014. -- Amended 2006 Ky. Acts ch. 252, Pt. XXXI, sec. 1, effective April 25, 2006. -- Amended 2005 Ky. Acts ch. 162, sec. 3, effective July 1, 2005. -- Amended 2002 Ky. Acts ch. 25, sec. 1, effective July 15, 2002. -- Created 2000 Ky. Acts ch. 163, sec. 1, effective July 14, 2000.