

**CALIFORNIA CODE OF REGULATIONS  
TITLE 5, DIVISION 4.5, CHAPTER 1  
SCHOLARSHARE INVESTMENT BOARD  
GOLDEN STATE SCHOLARSHARE TRUST PROGRAM**

**NOTICE OF PROPOSED RULEMAKING**

The Scholarshare Investment Board (“Board”) proposes to adopt the proposed regulations amendment described below after considering all comments, objections, and recommendations regarding the proposed action.

**PUBLIC HEARING**

The Board has not scheduled a public hearing on this proposed action. However, the Board will hold a hearing if it receives a written request for a public hearing from any interested person, or his or her authorized representative, no later than 15 days before the close of the written comment period.

**WRITTEN COMMENT PERIOD**

Any interested person, or his or her authorized representative, may submit written comments relevant to the proposed regulatory action to the Board. Comments may also be submitted by facsimile (FAX) at (916) 589-2835 or by e-mail to [msierras@treasurer.ca.gov](mailto:msierras@treasurer.ca.gov). The written comment period closes at **5:00 p.m. on February 8, 2016**. The Board will consider only comments received at the Board offices by that time. Submit comments to:

Mario Sierras, Manager  
Scholarshare Investment Board  
915 Capitol Mall, Room 105  
Sacramento, CA 95814

**AUTHORITY AND REFERENCE**

Education Code sections 69981(e) and 69982(h) authorizes the Board to adopt this proposed regulations amendment. The proposed regulation amendment implements, interprets, makes specific, and clarifies sections 30950 through 30959 of title 5 of the California Code of Regulations for the Golden State ScholarShare Trust Program.

**INFORMATIVE DIGEST/ POLICY STATEMENT OVERVIEW**

This rulemaking action makes it permissible for ScholarShare account owners to name an entity, such as a trust, estate, partnership, association, company, corporation, or a state or local agency to be named as a successor account owner. Additionally, this rulemaking action provides for technical amendments that

add clarifying and consistent language throughout the regulations and consistency with the Golden State Scholarshare Trust Act.

Under current Regulation Section 30950(b) an entity, as specified above and defined in this section, can be an account owner. Section 30955(d), however, which regulates naming a Contingent Account Owner, does not allow for an entity to be named as a successor account owner. Amendments to Section 30955(d) would allow account owners to name an entity as a successor account owner. Further research confirms that this practice is common within the financial services and 529 industries.

*Anticipated Benefits of the Proposed Regulation Amendment:*

The proposed regulations amendment will allow the Plan to offer broader options to meet the needs of existing and prospective participants and will allow for a broader administration of duties for the program administrator or its designee to fulfill program actions and responsibilities. The technical changes will add clarifying and consistent language throughout the regulations and consistency with the Golden State Scholarshare Trust Act.

*Determination of Inconsistency/Incompatibility with Existing State Regulations:*

The Board evaluated whether the proposed regulations are inconsistent or incompatible with existing state regulations and has found that these are the only regulations concerning the naming of ScholarShare account owners. Therefore, the proposed regulations are not inconsistent or incompatible with existing regulations.

DISCLOSURES REGARDING THE PROPOSED ACTION

*The Board has made the following initial determinations:*

Mandate on local agencies and school districts: None.

Cost or savings to any state agency: None.

Cost to any local agency or school district requiring reimbursement pursuant to Government Code section 17500 et seq.: None.

Other nondiscretionary cost or savings imposed on local agencies: None.

Cost or savings in federal funding to the state: None.

Cost impacts on representative private person or business: The Board is not aware of any cost impacts that a representative private person or business would necessarily incur in reasonable compliance with the proposed action.

Significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states: None.

Effect on housing costs: None.

Fiscal impact to any local government: None.

Fiscal impact to any state agency: None.

Results of the Economic Impact Analysis/Assessment

The Board concludes that it is (1) unlikely that the proposal will create or eliminate any California jobs, (2) unlikely that the proposal will create or eliminate and California businesses, and (3) unlikely that the proposal will result in the expansion of businesses currently doing business in California.

Benefits of the proposed action: As stated under the Informative Digest/Policy Statement Overview above, the proposed regulations amendment will allow the Plan to offer broader options to meet the needs of existing and prospective participants allowing participants to elect an entity as a contingent account owner. The proposed regulation amendments will also allow for a broader administration of duties allowing for either the program administrator or its designee to fulfill program actions and responsibilities. Technical amendments to the regulations will add clarifying and consistent language throughout the regulations and consistency with the Golden State Scholarshare Trust Act.

CONSIDERATION OF ALTERNATIVES

In accordance with Government Code section 11346.5(a)(13), the Board must determine that no reasonable alternative it considered or that has otherwise been identified and brought to the attention of the agency would be more effective in carrying out the purpose of which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action or would be more cost-effective to affected private person and equally effective in implementing the statutory policy or other provision of law.

The Board invites interested persons to present statement or arguments with respect to alternatives to the proposed regulations amendment during the written comment period.

CONTACT PERSONS

Inquiries concerning the proposed administrative action may be directed to:

Mario Sierras, Manager  
Scholarshare Investment Board  
915 Capitol Mall, Room 105  
Sacramento, CA 95814  
Telephone: (916) 653-0299

The backup contact person for these inquiries is:

Stanley Zeto, Deputy Executive Director  
Scholarshare Investment Board  
915 Capitol Mall, Room 105  
Sacramento, CA 95814

Telephone: (916) 651-6381

Please direct requests for copies of the proposed text (the "express terms") of the regulations, the initial statement of reasons, the modified text of the regulations, if any, or other information upon which the rulemaking is based to Mr. Sierras at the above address.

#### AVAILABILITY OF STATEMENT OF REASONS, TEXT OF PROPOSED REGULATIONS, AND RULEMAKING FILE

The Board will have the entire rulemaking file available for inspection and copying throughout the rulemaking process at its office at the above address. As of the date this notice is published in the Notice Register, the rulemaking file consists of this notice, the proposed text of the regulations, and the initial statement of reasons. Copies may be obtained by contacting Mario Sierras at the address or phone number listed above.

#### AVAILABILITY OF CHANGED OR MODIFIED TEXT

After considering all timely and relevant comments received, the Board may adopt the proposed regulations substantially as described in this notice. If the Board makes modifications which are sufficiently related to the originally proposed text, it will make the modified text (with the changes clearly indicated) available to the public for at least 15 days before the Board adopts the regulations as revised. Please send requests for copies of any modified regulations to the attention of Mario Sierras at the address indicated above. The Board will accept written comments on the modified regulations for 15 days after the date on which they are made available.

#### AVAILABILITY OF THE FINAL STATEMENT OF REASONS

Upon its completion, copies of the Final Statement of Reasons may be obtained by contacting Mr. Sierras at the above address.

#### AVAILABILITY OF DOCUMENTS ON THE INTERNET

Copies of the Notice of Proposed Action, the Initial Statement of Reasons, and the text of the regulations in underline and strikeout can be accessed through our website at [www.treasurer.ca.gov/scholarshare/index.asp](http://www.treasurer.ca.gov/scholarshare/index.asp).