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**HEARINGS:** No

**NEWSPAPER ARTICLES:** No

RWH/CL

P.L. 2020, CHAPTER 81, *approved September 14, 2020*  
Senate, No. 806

1 AN ACT concerning the New Jersey Better Educational Savings  
2 Trust (NJBEST) Program and amending N.J.S.18A:71B-42.

3  
4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

6  
7 1. N.J.S.18A:71B-42 is amended to read as follows:  
8 18A:71B-42. a. An amount of no less than \$500 shall be  
9 provided by the State for the qualified higher education expenses of  
10 a designated beneficiary at the time of a qualified withdrawal  
11 provided that:

12 (1) the contributor demonstrates, to the satisfaction of the  
13 authority, that the contributor participated in the program for at  
14 least four years by making a qualifying minimum initial deposit or  
15 qualifying minimum annual contributions, or both, as shall be  
16 determined by the authority, for a designated beneficiary;

17 (2) the designated beneficiary demonstrates, to the satisfaction  
18 of the authority, attendance or enrollment in a higher education  
19 institution in this State~~],~~ at the time of initial attendance or  
20 enrollment in the higher education institution~~];~~ and

21 (3) either the contributor, if an individual, or the designated  
22 beneficiary demonstrates, to the satisfaction of the authority, that  
23 the contributor or designated beneficiary is a New Jersey resident.

24 b. The amount provided under subsection a. of this section  
25 shall meet the requirements of a qualified scholarship within the  
26 meaning of section 117 of the federal Internal Revenue Code of  
27 1986, 26 U.S.C.s.117, for a designated beneficiary satisfying the  
28 requirements of subsection a. of this section.

29 c. A designated beneficiary shall not receive more than one  
30 State scholarship provided pursuant to subsection a. of this section.  
31 (cf: N.J.S.18A:71B-42)

32  
33 2. This act shall take effect immediately.  
34  
35  
36  
37

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38 Provides that New Jersey Better Educational Savings Trust  
39 (NJBEST) Program scholarship may be awarded in any semester of  
40 attendance or enrollment at institution of higher education in State.

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

# SENATE, No. 806

## STATE OF NEW JERSEY 219th LEGISLATURE

PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

**Sponsored by:**

**Senator SANDRA B. CUNNINGHAM**

**District 31 (Hudson)**

**Co-Sponsored by:**

**Senators Brown and T.Kean**

**SYNOPSIS**

Provides that New Jersey Better Educational Savings Trust (NJBEST) Program scholarship may be awarded in any semester of attendance or enrollment at institution of higher education in State.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



1 AN ACT concerning the New Jersey Better Educational Savings  
2 Trust (NJBEST) Program and amending N.J.S.18A:71B-42.

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4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

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7 1. N.J.S.18A:71B-42 is amended to read as follows:

8 1. a. An amount of no less than \$500 shall be provided by the  
9 State for the qualified higher education expenses of a designated  
10 beneficiary at the time of a qualified withdrawal provided that:

11 (1) the contributor demonstrates, to the satisfaction of the  
12 authority, that the contributor participated in the program for at  
13 least four years by making a qualifying minimum initial deposit or  
14 qualifying minimum annual contributions, or both, as shall be  
15 determined by the authority, for a designated beneficiary;

16 (2) the designated beneficiary demonstrates, to the satisfaction  
17 of the authority, attendance or enrollment in a higher education  
18 institution in this State~~],~~ at the time of initial attendance or  
19 enrollment in the higher education institution~~];~~ and

20 (3) either the contributor, if an individual, or the designated  
21 beneficiary demonstrates, to the satisfaction of the authority, that  
22 the contributor or designated beneficiary is a New Jersey resident.

23 b. The amount provided under subsection a. of this section  
24 shall meet the requirements of a qualified scholarship within the  
25 meaning of section 117 of the federal Internal Revenue Code of  
26 1986, 26 U.S.C.s.117, for a designated beneficiary satisfying the  
27 requirements of subsection a. of this section.

28 c. A designated beneficiary shall not receive more than one  
29 State scholarship provided pursuant to subsection a. of this section.  
30 (cf: N.J.S.18A:71B-42)

31

32 2. This act shall take effect immediately.

33

34

35

STATEMENT

36

37 The New Jersey Better Educational Savings Trust (NJBEST)  
38 Program provides families with the opportunity to save for their  
39 child's higher education and make tax-free withdrawals for  
40 qualified education expenses. For qualified beneficiaries, NJBEST  
41 provides a one-time scholarship of no less than \$500 at the time of a  
42 beneficiary's initial attendance or enrollment at a New Jersey  
43 institution.

44 This bill provides that the scholarship may be awarded to a  
45 student in any semester of attendance or enrollment. Under the

**EXPLANATION** – Matter enclosed in bold-faced brackets **[thus]** in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

**S806 CUNNINGHAM**

3

1 current statutory language, the Higher Education Student Assistance  
2 Authority has had to deny scholarships to students who did not  
3 realize that they had to apply in their first semester of enrollment.  
4 This bill will correct that problem and ensure that eligible students  
5 receive the scholarship to which they are entitled.

# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE, No. 806

# STATE OF NEW JERSEY

DATED: JULY 27, 2020

The Assembly Appropriations Committee reports favorably Senate Bill No. 806.

The New Jersey Better Educational Savings Trust (NJBEST) Program provides families with the opportunity to save for their child's higher education and make tax-free withdrawals for qualified education expenses. For qualified beneficiaries, NJBEST provides a one-time scholarship of no less than \$500 at the time of a beneficiary's initial attendance or enrollment at a New Jersey institution.

This bill provides that the scholarship may be awarded to a student in any semester of attendance or enrollment. Under the current statutory language, the Higher Education Student Assistance Authority (HESAA) has denied scholarships to students who did not realize that they were required to apply for the scholarship in their first semester of enrollment. The bill corrects that problem and ensures that otherwise eligible students receive the scholarship to which they are entitled.

As reported by the committee, Senate Bill No. 806 is identical to Assembly Bill No. 895, which also was reported by the committee on this date.

#### FISCAL IMPACT:

The Office of Legislative Services (OLS) determines that this bill would increase expenditures to HESAA. Since the bill expands the period of eligibility for a student beneficiary to receive a NJBEST scholarship, HESAA would incur costs to fund scholarships for individuals who otherwise would not have qualified absent the bill.

The OLS notes that NJBEST scholarships are fully funded by administrative fee income collected by HESAA for the NJBEST 529 College Savings Plan. Therefore, the bill would only result in an expenditure increase to HESAA and would not affect State costs since the State does not appropriate funds for the NJBEST program.

Information provided informally by HESAA to the OLS indicates that, during the three most recently completed academic years, between 37 and 68 applicants for NJBEST scholarships were denied each year because they did not apply during their initial semester of attendance or enrollment at a New Jersey institution of higher education. HESAA indicated that the amount of scholarships that would have been awarded in each of those years ranged from \$55,250 to \$85,250.

SENATE HIGHER EDUCATION COMMITTEE

STATEMENT TO

**SENATE, No. 806**

**STATE OF NEW JERSEY**

DATED: JANUARY 30, 2020

The Senate Higher Education Committee reports favorably Senate Bill No. 806.

The New Jersey Better Educational Savings Trust (NJBEST) Program provides families with the opportunity to save for their child's higher education and make tax-free withdrawals for qualified education expenses. For qualified beneficiaries, NJBEST provides a one-time scholarship of no less than \$500 at the time of a beneficiary's initial attendance or enrollment at a New Jersey institution.

This bill provides that the scholarship may be awarded to a student in any semester of attendance or enrollment. Under the current statutory language, the Higher Education Student Assistance Authority has had to deny scholarships to students who did not realize that they had to apply in their first semester of enrollment. This bill will correct that problem and ensure that eligible students receive the scholarship to which they are entitled.

This bill was pre-filed for introduction in the 2020-2021 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.



# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

### SENATE, No. 806

# STATE OF NEW JERSEY

DATED: FEBRUARY 13, 2020

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 806.

The New Jersey Better Educational Savings Trust (NJBEST) Program provides families with the opportunity to save for their child's higher education and make tax-free withdrawals for qualified education expenses. For qualified beneficiaries, NJBEST provides a one-time scholarship of no less than \$500 at the time of a beneficiary's initial attendance or enrollment at a New Jersey institution.

This bill provides that the scholarship may be awarded to a student in any semester of attendance or enrollment. Under the current statutory language, the Higher Education Student Assistance Authority (HESAA) has denied scholarships to students who did not realize that they were required to apply for the scholarship in their first semester of enrollment. The bill corrects that problem and ensures that otherwise eligible students receive the scholarship to which they are entitled.

#### FISCAL IMPACT:

The Office of Legislative Services (OLS) determines that this bill would increase expenditures to the HESAA. Since the bill expands the period of eligibility for a student beneficiary to receive a NJBEST scholarship, HESAA would incur costs to fund scholarships for individuals who otherwise would not have qualified absent the bill.

The OLS notes that NJBEST scholarships are fully funded by administrative fee income collected by HESAA for the NJBEST 529 College Savings Plan. Therefore, the bill would only result in an expenditure increase to HESAA and would not affect State costs since the State does not appropriate funds for the NJBEST program.

Information provided informally by HESAA to the OLS indicates that, during the three most recently completed academic years, between 37 and 68 applicants for NJBEST scholarships were denied each year because they did not apply during their initial semester of attendance or enrollment at a New Jersey institution of higher education. HESAA indicated that the amount of scholarships that would have been awarded in each of those years ranged from \$55,250 to \$85,250.

**LEGISLATIVE FISCAL ESTIMATE**  
**SENATE, No. 806**  
**STATE OF NEW JERSEY**  
**219th LEGISLATURE**

DATED: FEBRUARY 13, 2020

**SUMMARY**

- Synopsis:** Provides that New Jersey Better Educational Savings Trust (NJBEST) Program scholarship may be awarded in any semester of attendance or enrollment at institution of higher education in State.
- Type of Impact:** Expenditure Increase to Higher Education Student Assistance Authority.
- Agencies Affected:** Higher Education Student Assistance Authority.

**Office of Legislative Services Estimate**

<b>Fiscal Impact</b>	<b><u>Annual</u></b>
<b>HESAA Expenditure Increase</b>	Indeterminate

- The Office of Legislative Services (OLS) determines that this bill would increase expenditures to the Higher Education Student Assistance Authority (HESAA). Since the bill expands the period of eligibility for a student beneficiary to receive a New Jersey Better Educational Savings Trust (NJBEST) scholarship, HESAA would incur costs to fund scholarships for individuals who otherwise would not have qualified absent the bill.
- The OLS notes that NJBEST scholarships are fully funded by administrative fee income collected by HESAA for the NJBEST 529 College Savings Plan. Therefore, the bill would only result in an expenditure increase to HESAA and would not affect State costs since the State does not appropriate funds for the NJBEST program.
- Information provided informally by HESAA to the OLS indicates that, during the three most recently completed academic years, between 37 and 68 applicants for NJBEST scholarships were denied each year because they did not apply during their initial semester of attendance or enrollment at a New Jersey institution of higher education. HESAA indicated that the amount of scholarships that would have been awarded in each of those years ranged from \$55,250 to \$85,250.

**BILL DESCRIPTION**

The NJBEST Program provides families with the opportunity to save for their child's higher education and make tax-free withdrawals for qualified education expenses. For qualified

beneficiaries, NJBEST provides a one-time scholarship of no less than \$500 at the time of a beneficiary's initial attendance or enrollment at a New Jersey institution.

This bill provides that the scholarship may be awarded to a student in any semester of attendance or enrollment. Under the current statutory language, the HESAA has had to deny scholarships to students who did not realize that they had to apply in their first semester of enrollment.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

The Executive Branch has not submitted a formal fiscal note on this bill. Upon request, however, the HESAA provided the OLS with information concerning denials for scholarships under the NJBEST Program in recent academic years (AYs). HESAA indicated that the number of applicants who were denied scholarships because they did not apply in their initial semester of enrollment or attendance was: 37 in AY 2017-2018; 68 in AY 2018-2019; and 48 in AY 2019-2020. The total dollar amount of scholarships that were denied was: \$55,250 in AY 2017-2018; \$85,250 in AY 2018-2019; and \$61,250 in AY 2019-2020.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS determines that this bill would increase expenditures to HESAA. Since the bill expands the period of eligibility for a student beneficiary to receive an NJBEST scholarship, HESAA would incur costs to fund scholarships for individuals who otherwise would not have qualified absent the bill. Based on the above information provided by HESAA, the average annual dollar amount of denied scholarships between AY 2017-2018 and AY 2019-2020, and thus the average annual additional cost HESAA would have incurred during that time period, was \$67,250.

The OLS notes that NJBEST scholarships are fully funded by administrative fee income collected by HESAA for the NJBEST 529 College Savings Plan. Therefore, the bill would only result in an expenditure increase to HESAA and would not affect State costs since the State does not appropriate funds for the NJBEST scholarship program.

According to HESAA's audited financial statements for recent fiscal years, the NJBEST Administrative Fund, which holds NJBEST fee income, is restricted to pay for future scholarship obligations of the NJBEST program and program expenses not covered by the NJBEST program manager, Franklin Templeton Investments. The financial statements indicate that receipts from fee income are between approximately \$4 million and \$5 million in each fiscal year. Meanwhile, evaluation data concerning program expenditures for the NJBEST program in recent fiscal years indicates that between approximately \$500,000 and \$700,000 is spent on NJBEST scholarships each year.

In reviewing HESAA's most recent audited financial statements for Fiscal Year 2019, the OLS concludes that any expenditure increase to the NJBEST Administrative Fund resulting from this bill would likely be able to be covered by the NJBEST Administrative Fund's existing resources.

*Section:* Education

*Analyst:* Christopher Myles  
Assistant Fiscal Analyst

*Approved:* Frank W. Haines III  
Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

**ASSEMBLY, No. 895**

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**STATE OF NEW JERSEY**

**219th LEGISLATURE**

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PRE-FILED FOR INTRODUCTION IN THE 2020 SESSION

**Sponsored by:**

**Assemblyman THOMAS P. GIBLIN**

**District 34 (Essex and Passaic)**

**Assemblywoman BRITNEE N. TIMBERLAKE**

**District 34 (Essex and Passaic)**

**Assemblywoman MILA M. JASEY**

**District 27 (Essex and Morris)**

**SYNOPSIS**

Provides that New Jersey Better Educational Savings Trust (NJBEST) Program scholarship may be awarded in any semester of attendance or enrollment at institution of higher education in State.

**CURRENT VERSION OF TEXT**

Introduced Pending Technical Review by Legislative Counsel.



**(Sponsorship Updated As Of: 3/5/2020)**

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12 authority, that the contributor participated in the program for at  
13 least four years by making a qualifying minimum initial deposit or  
14 qualifying minimum annual contributions, or both, as shall be  
15 determined by the authority, for a designated beneficiary;

16 (2) the designated beneficiary demonstrates, to the satisfaction  
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21 beneficiary demonstrates, to the satisfaction of the authority, that  
22 the contributor or designated beneficiary is a New Jersey resident.

23 b. The amount provided under subsection a. of this section  
24 shall meet the requirements of a qualified scholarship within the  
25 meaning of section 117 of the federal Internal Revenue Code of  
26 1986, 26 U.S.C.s.117, for a designated beneficiary satisfying the  
27 requirements of subsection a. of this section.

28 c. A designated beneficiary shall not receive more than one  
29 State scholarship provided pursuant to subsection a. of this section.  
30 (cf: N.J.S.18A:71B-42)

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32 2. This act shall take effect immediately.

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STATEMENT

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37 The New Jersey Better Educational Savings Trust (NJBEST)  
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39 child's higher education and make tax-free withdrawals for  
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41 provides a one-time scholarship of no less than \$500 at the time of a  
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**A895 GIBLIN, TIMBERLAKE**

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2 Authority has had to deny scholarships to students who did not  
3 realize that they had to apply in their first semester of enrollment.  
4 This bill will correct that problem and ensure that eligible students  
5 receive the scholarship to which they are entitled.

ASSEMBLY HIGHER EDUCATION COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 895**

**STATE OF NEW JERSEY**

DATED: MARCH 5, 2020

The Assembly Higher Education Committee reports favorably Assembly Bill No. 895.

The New Jersey Better Educational Savings Trust (NJBEST) Program provides families with the opportunity to save for their child's higher education and make tax-free withdrawals for qualified education expenses. For qualified beneficiaries, NJBEST provides a one-time scholarship of no less than \$500 at the time of a beneficiary's initial attendance or enrollment at a New Jersey institution.

This bill provides that the scholarship may be awarded to a student in any semester of attendance or enrollment. Under the current statutory language, the Higher Education Student Assistance Authority has had to deny scholarships to students who did not realize that they had to apply in their first semester of enrollment. This bill will correct that problem and ensure that eligible students receive the scholarship to which they are entitled.

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# ASSEMBLY APPROPRIATIONS COMMITTEE

## STATEMENT TO

### ASSEMBLY, No. 895

# STATE OF NEW JERSEY

DATED: JULY 27, 2020

The Assembly Appropriations Committee reports favorably Assembly Bill No. 895.

The New Jersey Better Educational Savings Trust (NJBEST) Program provides families with the opportunity to save for their child's higher education and make tax-free withdrawals for qualified education expenses. For qualified beneficiaries, NJBEST provides a one-time scholarship of no less than \$500 at the time of a beneficiary's initial attendance or enrollment at a New Jersey institution.

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As reported by the committee, Assembly Bill No. 895 is identical to Senate Bill No. 806, which also was reported by the committee on this date.

#### FISCAL IMPACT:

The Office of Legislative Services (OLS) determines that this bill would increase expenditures to HESAA. Since the bill expands the period of eligibility for a student beneficiary to receive a NJBEST scholarship, HESAA would incur costs to fund scholarships for individuals who otherwise would not have qualified absent the bill.

The OLS notes that NJBEST scholarships are fully funded by administrative fee income collected by HESAA for the NJBEST 529 College Savings Plan. Therefore, the bill would only result in an expenditure increase to HESAA and would not affect State costs since the State does not appropriate funds for the NJBEST program.

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# Governor Murphy Takes Action on Legislation

09/14/2020

**TRENTON** – Today, Governor Phil Murphy signed the following bills and resolutions into law:

**S-349/A-1993 (Smith, Greenstein/Pinkin, Benson, Kennedy)** – Requires developers to offer electric vehicle charging stations as option in certain new home construction

**S-806/A-895 (Cunningham, Pou/Giblin, Timberlake, Jasey)** – Provides that New Jersey Better Educational Savings Trust (NJBEST) Program scholarship may be awarded in any semester of attendance or enrollment at institution of higher education in State

**S-960/A-3628 (Rice/Lopez)** – Requires parent to provide completed financial aid application to Higher Education Student Assistance Authority if parent's dependent applies to State for student financial aid

[Copy of Statement](#)

**S-971/A-2106 (Lagana, Cunningham, Weinberg/Swain, Tully, Wimberly)** – "New Jersey Fair Play Act"; allows collegiate student-athletes to earn compensation for use of name, image, or likeness

**S-2380/A-3999 (Sweeney, Scutari, Singer, Greenstein/Giblin, Burzichelli, Murphy, Downey)** – Concerns employment benefits and coronavirus disease 2019 infections contracted by essential employees

**S-2573/A-4378 (Ruiz, Codey/Karabinchak, Jasey, Lampitt)** – Establishes position of State School Nurse Consultant in DOE to facilitate best practices in school nursing by advancing comprehensive school health services

**SJR-79/AJR-167 (Greenstein, Gill/Vainieri Huttle, Tucker, Murphy)** – Creates commission to study sexual assault, misconduct, and harassment by staff against inmates in State correctional facilities

**A-2669/S-1198 (Mukherji/Pou, Oroho)** – Concerning motor vehicle ancillary production products and service contracts

**Governor Murphy absolute vetoed the following bill:**

**A-3965/S-2463 (Moen, Murphy, Mukherji/Greenstein, Cruz-Perez) – ABSOLUTE** – Expands existing EDA loan program to include certain small producers and retailers of alcoholic beverages

[Copy of Statement](#)