

ORIGINAL HOUSE
BILL NO. 0098

ENROLLED ACT NO. 7, HOUSE OF REPRESENTATIVES

FIFTY-SIXTH LEGISLATURE OF THE STATE OF WYOMING
2002 SPECIAL SESSION

AN ACT relating to the Wyoming family college savings program; modifying penalty provisions for nonqualified withdrawals; providing for refund of certain penalties and appropriating funds needed for the refunds; and providing for an effective date.

Be It Enacted by the Legislature of the State of Wyoming:

Section 1. W.S. 21-16-815(h) and (k) is amended to read:

21-16-815. Program requirements.

(h) The treasurer, by rule, ~~shall increase the percentage of the~~ may establish a penalty ~~prescribed in subsection (g) of this section or change the basis of this penalty~~ for nonqualified withdrawals, if the treasurer determines that ~~the amount of the~~ a penalty must be ~~increased to constitute a penalty that is more than a de minimis penalty established~~ for purposes of qualifying the program as a qualified ~~state~~ tuition program under section 529 of the Internal Revenue Code. Any penalties under this subsection shall be paid to the treasurer for use in operating the program and for state student financial aid.

(k) If an account owner makes a nonqualified withdrawal and no penalty amount is withheld pursuant to subsection ~~(g)~~ (h) of this section or the amount withheld was less than the amount required to be withheld under that subsection for nonqualified withdrawals, the account owner shall pay the unpaid portion of the penalty to the trust at the time the account owner files his federal income tax return for the taxable year of the withdrawal. If the account owner does not file a federal income tax return, the account owner shall pay the unpaid portion of the

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penalty to the trust on the federal income tax due date. In no case shall the unpaid portion of the penalty be paid after the date for filing the federal income tax return taking into account any authorized extensions.

Section 2. W.S. 21-16-815(g) and (j) is repealed.

Section 3. The state treasurer shall amend the rules and regulations of the Wyoming family college savings program to conform with this act. No state penalty shall be imposed after January 1, 2002 for nonqualified withdrawals under rules in effect prior to the effective date of this act and the state treasurer shall refund any such penalties collected in that time period. Those funds needed to comply with the refund provisions of this section are hereby appropriated to the state treasurer from penalties collected and deposited with the treasurer pursuant to W.S. 21-16-815(g) prior to its repeal by this act.

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Section 4. This act is effective immediately upon completion of all acts necessary for a bill to become law as provided by Article 4, Section 8 of the Wyoming Constitution.

(END)

Speaker of the House

President of the Senate

Governor

TIME APPROVED: _____
DATE APPROVED: _____

I hereby certify that this act originated in the House.

Chief Clerk