

HOUSE BILL NO. HB0098

Family college savings program.

Sponsored by: Select Committee on Capital Financing and
Investments

A BILL

for

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

6

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

8

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

11

12 **21-16-815. Program requirements.**

13

14 (h) The treasurer, by rule, ~~shall increase the~~
15 ~~percentage of the~~ may establish a penalty ~~prescribed in~~
16 ~~subsection (g) of this section or change the basis of this~~

1 ~~penalty for nonqualified withdrawals~~, if the treasurer
2 determines that ~~the amount of the a~~ penalty must be
3 ~~increased to constitute a penalty that is more than a de~~
4 ~~minimis penalty~~ established for purposes of qualifying the
5 program as a qualified ~~state~~-tuition program under section
6 529 of the Internal Revenue Code. Any penalties under this
7 subsection shall be paid to the treasurer for use in
8 operating the program and for state student financial aid.

9
10 (k) If an account owner makes a nonqualified
11 withdrawal and no penalty amount is withheld pursuant to
12 subsection ~~(g)~~ (h) of this section or the amount withheld
13 was less than the amount required to be withheld under that
14 subsection for nonqualified withdrawals, the account owner
15 shall pay the unpaid portion of the penalty to the trust at
16 the time the account owner files his federal income tax
17 return for the taxable year of the withdrawal. If the
18 account owner does not file a federal income tax return,
19 the account owner shall pay the unpaid portion of the
20 penalty to the trust on the federal income tax due date. In
21 no case shall the unpaid portion of the penalty be paid
22 after the date for filing the federal income tax return
23 taking into account any authorized extensions.

24

1 **Section 2.** W.S. 21-16-815(g) and (j) is repealed.

2

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

15

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

20

21

(END)