

WEST VIRGINIA LEGISLATURE

2021 REGULAR SESSION

Committee Substitute

for

House Bill 2001

BY DELEGATES HANSHAW (MR. SPEAKER), QUEEN,
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PACK, ROWAN, AND WESTFALL
[Committee on Education]

1 A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto two new
2 sections, designated §11-21-12m and §11-21-25; to amend said code by adding thereto
3 a new section, designated §11-24-10a; to amend said code by adding thereto a new
4 article, designated §18-30A-1, §18-30A-2, §18-30A-3, §18-30A-4, §18-30A-5, §18-30A-6,
5 §18-30A-7, §18-30A-8, §18-30A-9, §18-30A-10, §18-30A-11, §18-30A-12, §18-30A-13,
6 §18-30A-14, §18-30A-15, and §18-30A-16, all relating generally to creating the West
7 Virginia Jumpstart Savings Program; providing a short title; providing legislative findings;
8 defining terms; requiring the program to be operable by a certain date; creating the West
9 Virginia Jumpstart Savings Board; establishing requirements for board membership,
10 appointment, and procedures; establishing the powers of the board; authorizing the board
11 to promulgate legislative rules; establishing the duties and powers of the Treasurer related
12 to the program; establishing the Jumpstart Savings Trust and Trust Fund and
13 requirements for said fund; establishing the Jumpstart Savings Expense Fund and
14 establishing requirements for said fund; authorizing the board to use financial
15 organizations as program depositories and managers and providing requirements
16 therefor; establishing requirements for opening a Jumpstart Savings account and making
17 deposits to an account; providing requirements for distributions from an account; providing
18 when distributions from an account are treated as income for taxation purposes; specifying
19 expenditures of account distributions that are qualified expenses; allowing a personal
20 income tax decreasing modification for certain contributions to an account; allowing a
21 personal income tax decreasing modification for distributions from an account used for
22 qualified expenses; allowing a tax credit against personal income tax or corporate net
23 income tax for certain matching contributions to accounts of employees; allowing a
24 personal income tax decreasing modification for a rollover of distributions from a college
25 savings account to a Jumpstart Savings account; allowing a personal income tax
26 decreasing modification for a rollover of distributions from a Jumpstart Savings account to

27 a West Virginia ABLE account; providing reporting and auditing requirements for the
28 Jumpstart Savings Program; authorizing certain training and educational entities and
29 employers to share information with the board and the Treasurer related to program
30 participation; exempting certain personal information regarding program participants from
31 disclosure under the state’s Freedom of Information Act; limiting liability of the Treasurer
32 related to the program; and requiring the board to promulgate certain legislative rules.

Be it enacted by the Legislature of West Virginia:

CHAPTER 11. TAXATION.

ARTICLE 21. PERSONAL INCOME TAX.

§11-21-12m. Additional modifications related to a Jumpstart Savings account.

1 (a) Modification for contributions. –

2 (1) For taxable years beginning on or after January 1, 2022, in addition to amounts
3 authorized to be subtracted from federal adjusted gross income pursuant to §11-21-12 of this
4 code, a modification reducing federal adjusted gross income is hereby authorized in an amount
5 equal to a West Virginia taxpayer’s contribution to a Jumpstart Savings account for the taxable
6 year in which the payment is made, in accordance with §18-30A-1 et seq. of this code, but only
7 to the extent the amount is not allowable as a deduction when arriving at the taxpayer’s federal
8 adjusted gross income for the taxable year.

9 (2) The decreasing modification allowed pursuant to this subsection may not exceed
10 \$25,000 in a single taxable year: *Provided*, That the taxpayer may also elect to carry forward the
11 modification over a period not to exceed five taxable years, beginning in the taxable year in which
12 the contribution was made.

13 (b) Modification for certain distributions. –

14 (1) Beneficiary Distributees. –

15 (A) For taxable years beginning on or after January 1, 2022, in addition to amounts
16 authorized to be subtracted from federal adjusted gross income pursuant to §11-21-12 of this
17 code, a modification reducing federal adjusted gross income is hereby authorized in an amount
18 equal to the portion of a distribution received by a beneficiary from a Jumpstart Savings account
19 that is used to pay for qualified expenses, as defined in §18-30A-11 of this code. Such decreasing
20 modification is authorized for the taxable year the distribution is made to the beneficiary, but only
21 to the extent the distribution amount is not allowable as a deduction when arriving at the
22 beneficiary's federal adjusted gross income for the taxable year when the distribution was made.
23 Any decreasing modification applied by a distribute beneficiary shall be subject to disallowance
24 to the extent that the distributed moneys are not used to pay for qualified expenses, as defined in
25 §18-30A-11 of this code in the taxable year of receipt of the distribution or the next succeeding
26 taxable year.

27 (B) The decreasing modification allowed pursuant to this subsection may not exceed
28 \$25,000 for the taxable year.

29 (2) Account Owners. –

30 (A) For taxable years beginning on or after January 1, 2022, in addition to amounts
31 authorized to be subtracted from federal adjusted gross income pursuant to §11-21-12 of this
32 code, a modification reducing federal adjusted gross income of an account owner is hereby
33 authorized in an amount equal to the portion of a distribution from a Jumpstart Savings account
34 that is used to pay for qualified expenses, as defined in §18-30A-11 of this code. Such decreasing
35 modification is authorized for the taxable year the distribution is made to the account owner or to
36 the beneficiary, but only to the extent the distribution amount is not allowable as a deduction when
37 arriving at the account owner's federal adjusted gross income for the taxable year when the
38 distribution was made. Any decreasing modification applied by an account owner shall be subject
39 to disallowance to the extent that the distributed moneys are not used to pay for qualified

40 expenses, as defined in §18-30A-11 of this code in the taxable year of receipt of the distribution
41 or the next succeeding taxable year.

42 (B) The decreasing modification allowed pursuant to this subsection may not exceed
43 \$25,000 for the taxable year.

44 (c) *Modification for rollover of certain distributions.* – In addition to amounts authorized to
45 be subtracted from federal adjusted gross income pursuant to §11-21-12 of this code, a
46 modification reducing federal adjusted gross income is hereby authorized for the account owner,
47 to the extent that the amount is not allowable as a deduction when arriving at the account owner's
48 federal adjusted gross income, in the amount as follows:

49 (1) An amount equal to a distribution from a Jumpstart Savings account received in the
50 taxable year, if the account owner deposits such amount into a West Virginia ABLE account within
51 30 days of receiving the distribution, according to the requirements of §18-30A-1 *et seq.* of this
52 code; and

53 (2) An amount equal to the portion of a distribution received in the taxable year from a
54 college savings account, established pursuant to §18-30-1 *et seq.* of this code, if the taxpayer
55 deposits the amount into a Jumpstart Savings account within 30 days of receiving the distribution
56 according to the requirements of §18-30A-1 *et seq.* of this code.

57 (d) Nothing in this section shall be construed to decrease or otherwise impact any person's
58 federal tax obligations or to authorize any act which violates federal law.

**§11-21-25. Nonrefundable credit for matching contribution to employee's Jumpstart
Savings account.**

1 (a) A nonrefundable credit against the tax imposed by the provisions of this article is
2 allowed against the tax liability imposed under this article of a qualified employer, for a matching
3 contribution made to a Jumpstart Savings account in the taxable year, if the beneficiary of the
4 account is an employee of the taxpayer and a West Virginia resident, subject to the requirements
5 of §18-30A-1 *et seq.* and the following:

6 (1) The employer must directly contribute an amount to a Jumpstart Savings account that
7 is equal to a contribution made by the employee to such account in the same taxable year.

8 (2) The credit allowed by this section may not exceed \$5,000 per employee per taxable
9 year.

10 (3) The amount of the credit may not exceed the portion of the contribution that is
11 attributable to the employer and that would otherwise be derived by the employer as income from
12 his or her business for the taxable year.

13 (4) The employer may not claim the credit if the employer himself or herself is the account
14 beneficiary of the account to which the matching contribution was made.

15 (5) An employer may not claim a credit against more than one type of tax for a single
16 contribution to a Jumpstart Savings Account.

17 (b) The credit provided by this section is only allowed to the extent the amount is not
18 allowable as a deduction when arriving at the taxpayer's federal adjusted gross income for the
19 taxable year in which the contribution is made.

20 (c) In order to qualify for the credit provided by this section, an employer must submit any
21 forms or other information, as required by the West Virginia Jumpstart Savings Board or the State
22 Treasurer, and the Tax Commissioner upon making the contribution.

23 *(d) Conduit Entities and Proprietorships Personal Income Taxes. —*

24 (1) If the employer directly contributing an amount to a Jumpstart Savings account is an
25 electing small business corporation (as defined in Section 1361 of the United States Internal
26 Revenue Code of 1986, as amended), a partnership, a limited liability company that is treated as
27 a partnership for federal income tax purposes, or a sole proprietorship, then credit authorized
28 pursuant to this section is allowed as a credit against the taxes imposed by this article on the flow
29 through income of S corporation shareholders, partners, owners, and limited liability company

30 members derived from such electing small business corporation, partnership, or limited liability
31 company attributable to business or other activity.

32 (2) If the employer directly contributing an amount to a Jumpstart Savings account is a
33 sole proprietor, then credit authorized pursuant to this section is allowed as a credit against the
34 taxes imposed by this article on the income of the sole proprietor attributable to the business.

35 (3) Electing small business corporations, limited liability companies, partnerships, and
36 other unincorporated organizations shall allocate the credit allowed by this article among its
37 partners, owners, shareholders, or members in the same manner as profits and losses are
38 allocated for the taxable year.

39 (4) No credit is allowed under this section against any employer withholding taxes
40 imposed by this article.

41 (5) Credit allowed under this section must be used in the tax year in which the contribution
42 is made. Credit may not be carried back to a prior tax year nor carried forward to a subsequent
43 tax year. Any amount of unused credit is forfeited.

ARTICLE 24. CORPORATION NET INCOME TAX.

§11-24-10a. Nonrefundable credit for matching contribution to employee's Jumpstart Savings account.

1 (a) A nonrefundable credit against the tax imposed by the provisions of this article is
2 allowed for a matching contribution to a Jumpstart Savings account made in the taxable year if
3 the beneficiary of the account is an employee of the taxpayer and a West Virginia resident, subject
4 to the requirements of §18-30A-1 et seq. and the following:

5 (1) The employer must directly contribute an amount to a Jumpstart Savings account that
6 is equal to a contribution made by the employee to such account in the same taxable year.

7 (2) The credit allowed by this section may not exceed \$5,000 per employee per taxable
8 year.

9 (3) An employer may not claim the credit against more than one type of tax for a single
10 contribution to a Jumpstart Savings Account.

11 (b) The credit provided by this section is only allowed to the extent the amount is not
12 allowable as a deduction when arriving at the taxpayer's federal adjusted gross income for the
13 taxable year in which the contribution is made.

14 (c) In order to qualify for the credit provided by this section, an employer must submit any
15 forms or other information, as required by the West Virginia Jumpstart Savings Board or the State
16 Treasurer, or the Tax Commissioner upon making the contribution.

17 (d) Conduit Entities Corporation Net Income Tax. —

18 (1) If the employer directly contributing an amount to a Jumpstart Savings account is an
19 electing small business corporation (as defined in Section 1361 of the United States Internal
20 Revenue Code of 1986, as amended), a partnership, or a limited liability company that is treated
21 as a partnership for federal income tax purposes, then credit authorized pursuant to this section
22 is allowed as a credit against the taxes imposed by this article on the flow through income of S
23 corporation shareholders, partners, owners, and limited liability company members derived from
24 such electing small business corporation, partnership, or limited liability company attributable to
25 business or other activity.

26 (2) Electing small business corporations, limited liability companies, partnerships, and
27 other unincorporated organizations shall allocate the credit allowed by this article among its
28 corporate partners, owners, shareholders, or members in the same manner as profits and losses
29 are allocated for the taxable year.

30 (3) No credit is allowed under this section against any employer withholding taxes imposed
31 by this article.

32 (4) The credit allowed under this section must be used in the tax year in which the
33 contribution is made. Credit may not be carried back to a prior tax year nor carried forward to a
34 subsequent tax year. Any amount of unused credit is forfeited.

CHAPTER 18. EDUCATION.

ARTICLE 30A. WEST VIRGINIA JUMPSTART SAVINGS ACT.

§18-30A-1. Short Title.

1 This article shall be known, and may be cited as, the “West Virginia Jumpstart Savings
2 Act”.

§18-30A-2. Findings.

1 The Legislature recognizes the importance of cultivating an environment in West Virginia,
2 where our tradespersons and entrepreneurs can be successful in their careers and remain in their
3 home state. The Legislature finds that a savings and investment program to assist our citizens
4 who wish to embark on a new trade or establish a new business within this state, is an investment
5 in the future of West Virginia and its hardworking citizens.

§18-30A-3. Definitions.

1 For the purposes of this article, the following terms shall have the following meanings:

2 (1) “Account owner” means the person who opens and invests money into a Jumpstart
3 Savings account, as provided in this article.

4 (2) “Beneficiary” means the person designated as a beneficiary at the time an account is
5 established, or the individual designated as the beneficiary when the beneficiary is changed.

6 (3) The “board” means the West Virginia Jumpstart Savings Board created in §18-30A-5
7 of this code.

8 (4) “Contribution” means any amount of money deposited into a Jumpstart Savings
9 account according to the procedures established and required by the board or the Treasurer.

10 (5) “Deduction” as used in this article has the same meaning as when used in a
11 comparable context in the laws of the United States relating to income taxes, unless a different
12 meaning is clearly required. Deduction means and refers to a deduction allowable under the

13 federal income tax code for the purpose of determining federal taxable income or federal adjusted
14 gross income, unless text clearly indicates otherwise.

15 (6) "Distribution" means any disbursement from an account.

16 (7) The term "family member", as used to describe a person's relationship to a designated
17 beneficiary, includes any of the following:

18 (A) The spouse of the beneficiary;

19 (B) A child of the beneficiary or a descendant of the beneficiary's child;

20 (C) A brother, sister, stepbrother, or stepsister of the beneficiary;

21 (D) The father or mother of the beneficiary, or an ancestor of either;

22 (E) A first cousin of the beneficiary;

23 (F) A stepfather or stepmother of the beneficiary;

24 (G) A son or daughter of a brother or sister of the beneficiary;

25 (H) A brother or sister of the father or mother of the beneficiary;

26 (I) A son-in-law, daughter-in-law, father-in-law, mother-in-law, brother-in-law, or
27 sister-in-law of the beneficiary; or

28 (J) The spouse of any person described in paragraphs (A) through (I) of this subdivision.

29 (K) Any term set forth in this subdivision means and includes such term as established
30 through a lawful adoption, including, but not limited to, adoptions of a child or children, or other
31 natural person, by a natural person or natural persons who are not the father, mother, or
32 stepparent of the child or person.

33 (8) "Labor organization" means any organization, agency, association, union, or employee
34 representation committee of any kind that exists, in whole or in part, to assist employees in
35 negotiating with employers concerning grievances, labor disputes, wages, rates of pay, or other
36 terms or conditions of employment.

37 (9) The "program" refers to the Jumpstart Savings Program established by this article.

38 (10) The "Treasurer" refers to the West Virginia State Treasurer or his or her designee.

§18-30A-4. West Virginia Jumpstart Savings Program established.

1 The West Virginia Jumpstart Savings Program is hereby established, to be operable on
2 or before July 1, 2022. The board shall implement and administer the program under the terms
3 and conditions required by this article.

§18-30A-5. West Virginia Jumpstart Savings Board; members; terms; compensation; proceedings generally.

1 (a) The West Virginia Jumpstart Savings Program shall be administered by the West
2 Virginia Jumpstart Savings Board.

3 (b) The board consists of seven members and includes the following:

4 (1) The State Treasurer;

5 (2) The State Superintendent of Schools, or his or her designee;

6 (3) The Chancellor of the West Virginia Community and Technical College System, or his
7 or her designee;

8 (4) Four members, appointed by the Governor, with knowledge, skill, and experience in
9 trade occupations or businesses, to be appointed as follows:

10 (A) A member representing a labor organization that represents tradespersons in this
11 state;

12 (B) A member representing a business or entity offering apprenticeships in this state; and

13 (C) Two private citizens not employed by, or an officer of, the state or any political
14 subdivision of the state.

15 (c) The members designated in this section to be appointed by the Governor are so
16 appointed with the advice and consent of the Senate.

17 (d) Only state residents are eligible for appointment to the board.

18 (e) Members appointed by the Governor serve a term of five years and are eligible for
19 reappointment at the expiration of their terms. If there is a vacancy among appointed members,
20 the Governor shall appoint a person meeting the requirements of this section to fill the unexpired

21 term. Members of the board serve until the later of the expiration of the term for which the member
22 was appointed or the appointment of a successor.

23 (f) Members of the board serve without compensation. The Treasurer may pay all
24 reasonable expenses, including travel expenses, actually incurred by board members in the
25 conduct of their official duties. Expense payments are made from the Jumpstart Savings Expense
26 Account and are made at the same rates and in the same manner as travel reimbursements are
27 paid to state employees.

28 (g) The Treasurer is the chairman and presiding officer of the board and shall appoint the
29 employees the board considers advisable or necessary.

30 (h) The board shall adopt bylaws and rules of procedure at its first official meeting. A
31 majority of the members of the board constitutes a quorum for the transaction of the business of
32 the board.

§18-30A-6. Powers of the board.

1 The board is authorized to take any lawful action necessary to effectuate the provisions of
2 this article and successfully administer the program, subject to applicable state and federal law,
3 including but not limited to the following:

4 (1) Adopt and amend bylaws;

5 (2) Execute contracts and other instruments for necessary goods and services, employ
6 necessary personnel, and engage the services of private consultants, auditors, counsel,
7 managers, trustees, and any other contractor or professional needed for rendering professional
8 and technical assistance and advice: *Provided*, That selection of these services is not subject to
9 the provisions of §5A-3-1 *et seq.* of this code: *Provided, however*, That all expenditures and
10 monetary and financial transactions shall be subject to periodic audits by the Office of Chief
11 Inspector, or the Legislative Auditor, or both;

12 (3) Implement the program through use of financial organizations as account depositories
13 and managers, as provided in §18-30A-9 of this code;

14 (4) Develop and impose requirements, policies, procedures, and guidelines to implement
15 and manage the program;

16 (5) Establish the method by which funds shall be allocated to pay for administrative costs
17 and assess, collect, and expend administrative fees, charges, and penalties;

18 (6) Authorize the assessment, collection, and retention of fees and charges against the
19 amounts paid into and the earnings on the trust funds by a financial institution, investment
20 manager, fund manager, West Virginia Investment Management Board, the Board of Treasury
21 Investments, or other professional managing or investing the trust funds and accounts;

22 (7) Invest and reinvest any of the funds and accounts under the board's control with a
23 financial institution, an investment manager, a fund manager, the West Virginia Investment
24 Management Board, the Board of Treasury Investments, or other professional investing the funds
25 and accounts: *Provided*, That investments made under this article shall be made in accordance
26 with the provisions of §44-6C-1 *et seq.* of this code;

27 (8) Solicit and accept gifts, including bequests or other testamentary gifts made by will,
28 trust, or other disposition; grants; loans; aid; and property, real or personal of any nature and from
29 any source, or to participate in any other way in any federal, state, or local governmental programs
30 in carrying out the purposes of this article: *Provided*, That the board shall use the property
31 received to effectuate the desires of the donor, and shall convert the property received into cash
32 within 90 days of receipt; and

33 (9) Propose legislative rules for promulgation in accordance with §29A-3-1 *et seq.* of this
34 code.

§18-30A-7. Powers and duties of the Treasurer.

1 (a) In order to implement and administer the program, the Treasurer shall:

2 (1) Provide support staff and office space for the board;

3 (2) Establish and monitor, at the direction of the board, the methods and processes by
4 which the funds held in accounts are deposited and distributed;

5 (3) Charge and collect any necessary administrative fees, penalties, and service charges
6 in connection with any agreement, contract, or transaction relating to the program;

7 (4) Develop marketing plans and promotional material to ensure that potential program
8 beneficiaries will be aware of the program and the advantages the program offers; and

9 (5) Present the annual evaluations and reports required by §18-30A-13 of this code at any
10 meeting or proceeding of the Legislature or the Office of the Governor upon request.

11 (b) In order to implement and administer the program, the Treasurer may:

12 (1) Collect all necessary information from program account holders and beneficiaries;

13 (2) Create forms necessary for implementation of the program;

14 (3) Propose legislative rules for legislative approval, in accordance with the provisions of
15 §29A-3-1 et seq. of this code, that are necessary to effectuate the provisions and purposes of this
16 article; and

17 (4) Perform all other lawful actions necessary to effectuate the provisions of this article,
18 subject to applicable state and federal law.

§18-30A-8. West Virginia Jumpstart Savings Trust; Trust Fund; and Expense Fund created.

1 (a) The board shall establish the Jumpstart Savings Program Trust, and a Jumpstart
2 Savings Program Trust Fund Account, titled the Jumpstart Savings Trust Fund, within the
3 accounts held by the Treasurer or with a financial institution, an investment manager, a fund
4 manager, the West Virginia Investment Management Board, the Board of Treasury Investments,
5 or any other person for the purpose of managing and investing the trust fund. Assets of the
6 Jumpstart Savings Program Trust are held in trust for account owners and beneficiaries.

7 (b) The Jumpstart Savings Trust Fund shall receive all moneys from account owners on
8 behalf of beneficiaries or from any other source, public or private. Earnings derived from the
9 investment of the moneys in the Jumpstart Savings Trust Fund shall remain in the fund, held in
10 trust in the same manner as contributions, except as refunded, applied for purposes of the
11 beneficiaries, and applied for purposes of maintaining and administering the program.

12 (c) The corpus, assets, and earnings of the Jumpstart Savings Trust Fund do not constitute
13 public funds of the state and are available solely for carrying out the purposes of this article. Any
14 contract entered into by or any obligation of the board on behalf of and for the benefit of the
15 program does not constitute a debt or obligation of the state but is solely an obligation of the
16 Jumpstart Savings Trust Fund.

17 (d) All interest derived from the deposit and investment of moneys in the Jumpstart
18 Savings Trust Fund shall be credited to the fund. At the end of any fiscal year, all unexpended
19 and unencumbered moneys in the trust fund may not be credited or transferred to the State
20 General Fund or to any other fund.

21 (e) In order to fulfill the charitable and public purposes of this article, neither the earnings
22 nor the corpus of the Jumpstart Savings Trust Fund is subject to taxation by the state or any of
23 its political subdivisions.

24 (f) Notwithstanding any provision of this code to the contrary, money in the Jumpstart
25 Savings Trust Fund is exempt from creditor process and not subject to attachment, garnishment,
26 or other process; is not available as security or collateral for any loan, or otherwise subject to
27 alienation, sale, transfer, assignment, pledge, encumbrance, or charge; and is not subject to
28 seizure, taking, appropriation, or application by any legal or equitable process or operation of law
29 to pay any debt or liability of any account owner, beneficiary or successor in interest.

30 (g) (1) The Jumpstart Savings Program Expense Fund is hereby established in the State
31 Treasury.

32 (2) The Jumpstart Savings Expense Fund shall receive all fees, charges, and penalties
33 collected by the board. Expenditures from the fund are authorized from collections subject to
34 appropriations made by the Legislature.

35 (3) All expenses incurred by the board or the Treasurer in developing and administering
36 the program shall be payable from the Jumpstart Savings Expense Fund.

§18-30A-9. Use of financial organizations as program depositories and managers.

1 (a) The board may implement the program through use of financial organizations as
2 account depositories and managers. The board may solicit proposals from financial organizations
3 to act as depositories and managers of the program. Financial organizations submitting proposals
4 shall describe the investment instruments which will be held in accounts. The board may select
5 more than one financial organization and investment instrument for the program. The board shall
6 select financial organizations to act as program depositories and managers from among the
7 bidding financial organizations that demonstrate the most advantageous combination, both to
8 potential program participants and this state, based on the following criteria:

9 (1) The financial stability and integrity of the financial organization;

10 (2) The safety of the investment instrument being offered;

11 (3) The ability of the financial organization to satisfy recordkeeping and reporting
12 requirements;

13 (4) The financial organization's plan for promoting the program and the investment the
14 organization is willing to make to promote the program;

15 (5) The fees, if any, proposed to be charged to the account owners;

16 (6) The minimum initial deposit and minimum contributions that the financial organization
17 will require;

18 (7) The ability of the financial organization to accept electronic deposits and withdrawals,
19 including payroll deduction plans; and

20 (8) Other benefits to the state or its residents included in the proposal, including fees
21 payable to the state to cover expenses of operation of the program.

22 (b) The board may enter into any contracts with a financial organization necessary to
23 effectuate the provisions of this article. Any management contract shall include, at a minimum,
24 terms requiring the financial organization to:

25 (1) Take any action required to keep the program in compliance with requirements of this
26 article and any other applicable state or federal law;

27 (2) Keep adequate records of each account, keep each account segregated from each
28 other account, and provide the board with the information necessary to prepare the statements
29 required by this article and other applicable state and federal laws;

30 (3) Compile, summarize and total information contained in statements required to be
31 prepared under this article and applicable state and federal laws and provide such compilations
32 to the board;

33 (4) Provide the board with access to the books and records of the program manager and
34 with any other information needed to determine compliance with the contract, this article, and any
35 other applicable state or federal law;

36 (5) Hold all accounts for the benefit of the account owner or owners;

37 (6) Be audited at least annually by a firm of certified public accountants selected by the
38 program manager and provide the results of such audit to the board;

39 (7) Provide the board with copies of all regulatory filings and reports made by the financial
40 organization during the term of the management contract or while the financial organization is
41 holding any accounts, other than confidential filings or reports that will not become part of the
42 program. The program manager shall make available for review by the board and the Treasurer
43 the results of any periodic examination of such manager by any state or federal banking,
44 insurance, or securities commission, except to the extent that such report or reports may not be
45 disclosed under law; and

46 (8) Ensure that any description of the program, whether in writing or through the use of
47 any medium, is consistent with the marketing plan developed pursuant to the provisions of this
48 article.

49 (c) The board may:

50 (1) Enter into contracts it deems necessary for the implementation of the program;

51 (2) Require that an audit be conducted of the operations and financial position of the
52 program depository and manager at any time if the board has any reason to be concerned about
53 the financial position, the record keeping practices, or the status of accounts of such program
54 depository and manager; and

55 (3) Terminate or decline to renew a management agreement. If the board terminates or
56 does not renew a management agreement, the board shall take custody of accounts held by
57 such program manager and shall seek to promptly transfer such accounts to another financial
58 organization that is selected as a program manager or depository and into investment
59 instruments as similar to the original instruments as possible.

18-30A-10. Opening a Jumpstart Savings account; deposits.

1 (a) Beginning on July 1, 2022, a person may open a Jumpstart Savings account.

2 (b) To open a Jumpstart Savings account, the account owner must:

3 (1) Provide all information required by the Treasurer;

4 (2) Make a minimum opening deposit of \$25; and

5 (3) Name a single person as the designated beneficiary: *Provided*, That the designated
6 beneficiary may be the account owner himself or herself, or another person: *Provided, however*,
7 That the beneficiary may not be a business, corporation, or enterprise.

8 (c) The Treasurer will deposit \$100 from the Jumpstart Savings Expense Fund into a newly
9 opened Jumpstart Savings account if the following criteria are met:

10 (1) The designated beneficiary is a resident of West Virginia; and

11 (2) The account is opened when the designated beneficiary is under 18 years of age; or

12 (3) The account is opened within the 180 days following the date of the designated
13 beneficiary's enrollment in an apprenticeship or educational program described in
14 §18-30A-11(c)(1)(A) of this code.

15 (d) Any person may make a contribution to a Jumpstart Savings account after the account
16 is opened, subject to applicable state and federal laws.

17 (e) The Treasurer shall prescribe all forms required to open and make deposits to a
18 Jumpstart Savings account and make the forms available in a prominent location on the
19 Treasurer's website.

§18-30A-11. Distributions; qualified expenses.

1 (a) A distribution received by the beneficiary from a Jumpstart Savings account that was
2 used to pay for qualified expenses, as defined in §18-30A-11 of this code shall establish
3 entitlement of the beneficiary or account owner to the personal income tax decreasing
4 modification authorized by §11-21-12m(b) of this code, and such decreasing modification may be
5 applied to determine West Virginia adjusted gross income of the beneficiary or account owner in
6 the taxable year in which such qualified expenses were paid.

7 (b) A change in the designated beneficiary of a Jumpstart Savings account is not a
8 distribution for the purposes of this article or §11-21-1 et seq. of this code if the new beneficiary
9 is a family member of the prior beneficiary.

10 (c) Qualified expenses. —

11 (1) For the purposes of this article and §11-21-12m of this code, expenditures of
12 distributions for the following purposes are qualified expenses:

13 (A) The purchase of tools, equipment, or supplies by the beneficiary to be used exclusively
14 in an occupation or profession for which the beneficiary is required to:

15 (i) Complete an apprenticeship program registered and certified with the United States
16 Department of Labor, as provided in 29 U.S.C. §50;

17 (ii) Complete an apprenticeship program required by any provision of this code or a
18 legislative rule promulgated pursuant to this code; or

19 (iii) Earn an Associate degree or certification from a community and technical college;

20 (B) Fees for required certification and licensure to practice a trade or occupation described
21 in paragraph (A) of this subdivision in this state; and

22 (C) Costs incurred by the beneficiary that are necessary to establish a business in this
23 state in which the beneficiary will practice an occupation or profession described in paragraph (A)
24 of this subdivision, when the costs are exclusively incurred and paid for the purpose of
25 establishing and operating such business.

26 (2) In no event shall any dues, fees, subscriptions, or any other payments to a labor
27 organization constitute qualified expenses for the purposes of this article.

§18-30A-12. State tax benefits related to a Jumpstart Savings Account.

1 (a) As provided in §11-21-12m of this code, contributions, distributions and employer
2 matching contributions are eligible for specified decreasing modifications in determining taxable
3 income, or specified tax credits against tax imposed by §11-21-1 et seq. and §11-24-1 et seq. of
4 this code.

5 (b) Nothing in this article nor §11-21-12m of this code shall be construed to decrease or
6 otherwise impact any person's federal tax obligations or to authorize any act which violates federal
7 law.

§18-30A-13. Reports and account; annual audit.

1 (a) In addition to any other requirements of this article, the board shall:

2 (1) Prepare and provide an annual summary of information on the financial condition of
3 the Jumpstart Savings Trust Fund and Expense Fund and statements on the savings program
4 accounts to the respective account owners; and

5 (2) Prepare, or have prepared, a quarterly report on the status of the program, including
6 the Jumpstart Savings Trust Fund and Expense Fund, and provide a copy of the report to the
7 Joint Committee on Government and Finance.

8 (b) All accounts administered under the program, including the Jumpstart Savings Trust
9 Fund and Expense Fund, are subject to an annual external audit by an accounting firm, selected
10 by the board, of which all members or partners assigned to head the audit are members of the

11 American Institute of Certified Public Accountants. The audit shall comply with the requirements
12 and standards in §5A-2-33 of this code.

§18-30A-14. Records; confidentiality.

1 (a) Notwithstanding any other provision of this code, the board and an apprenticeship
2 provider, training or educational institution, or employer are authorized to exchange information
3 regarding participants in the program to carry out the purposes of this article: *Provided*, That the
4 tax information confidentiality provisions of §11-10-5d of this code shall apply to tax returns and
5 tax return information.

6 (b) Records containing personally identifying information regarding Jumpstart Savings
7 account holders and beneficiaries is exempt from disclosure under §29B-1-1 *et seq.* of this code.

§18-30A-15. Limitation on liability.

1 Nothing in this article creates any obligation of the board, the Treasurer, the state, or any
2 agency or instrumentality of the state to guarantee for the benefit of any account holder or
3 designated beneficiary with respect to the:

4 (1) Return of principal;

5 (2) Rate of interest or other return on any account; or

6 (3) Payment of interest or other return on any account.

§18-30A-16. Legislative rules required.

1 Prior to the commencement of the program, the board shall promulgate legislative,
2 procedural or emergency rules, or any combination thereof, in accordance with the provisions of
3 §29A-3-1 *et seq.* of this code, that include at a minimum, the following:

4 (1) Requirements for any contract to be entered between the board and an account holder
5 upon opening a Jumpstart Savings account to ensure compliance with the requirements of this
6 article and applicable state and federal laws;

7 (2) Examples of qualified expenses, as described in §18-30A-11 of this code; and

- 8 (3) Procedures for opening Jumpstart Savings accounts, making contributions thereto,
9 and requesting distributions therefrom, and instructions for accessing any necessary forms.