

WEST VIRGINIA LEGISLATURE

2016 REGULAR SESSION

Introduced

House Bill 2622

FISCAL
NOTE

2015 Carryover

(BY DELEGATES KURCABA., HILL, HOUSEHOLDER, R.
SMITH, ESPINOSA, MOFFATT, WAGNER, E. NELSON AND
CADLE)

[Introduced January 13, 2016; referred to the
Committee on Finance.]

1 A BILL to amend and reenact §11-21-12a of the Code of West Virginia, 1931, as amended, and
 2 to amend and reenact §18-30-9 of said code, all relating to deductions from personal
 3 income tax for contributions to state-administered prepaid college tuition contracts or
 4 college savings plans; and limiting the deductions to contributions made for beneficiaries
 5 who are eighteen years of age or younger.

Be it enacted by the Legislature of West Virginia:

1 That §11-21-12a of the Code of West Virginia, 1931, as amended, be amended and
 2 reenacted; and that §18-30-9 of said code be amended and reenacted, all to read as follows:

CHAPTER 11. TAXATION.

ARTICLE 21. PERSONAL INCOME TAX.

§11-21-12a. Additional modification reducing federal adjusted gross income.

1 In addition to amounts authorized to be subtracted from federal adjusted gross income
 2 pursuant to subsection (c), section twelve of this article, any payment on behalf of a beneficiary
 3 who is eighteen years of age or less at the time of the payment made under a prepaid tuition
 4 contract or other college savings plan administered by the board of the college prepaid tuition and
 5 savings program, pursuant to article thirty, chapter eighteen of this code, is also an authorized
 6 modification reducing federal adjusted gross income, but only to the extent the amount is not
 7 allowable as a deduction when arriving at the taxpayer's federal adjusted gross income for the
 8 taxable year in which the payment is made. This modification is available regardless of the type
 9 of return form filed. The taxpayer may also elect to carry forward the modification over a period
 10 not to exceed five taxable years, beginning in the taxable year in which the payment was made.

CHAPTER 18. EDUCATION.

1 **ARTICLE 30. WEST VIRGINIA COLLEGE PREPAID TUITION AND SAVINGS**

2

PROGRAM ACT.

§18-30-9. Income tax deduction for purchasers.

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As provided in section twelve-a, article twenty-one, chapter eleven of this code, any

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payment made under a prepaid tuition contract or other college savings plan administered by the

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board, pursuant to the provisions of this article, is eligible for a ~~tax~~ deduction from personal income

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tax, but only when the designated beneficiary of the contract or plan is eighteen years of age or

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younger at the time the payment is made.

NOTE: The purpose of this bill is to limit the personal income tax deduction for Smart 529 plan contributions to those payments made when the designated beneficiary is eighteen years of age or younger.

Strike-throughs indicate language that would be stricken from the present law, and underscoring indicates new language that would be added.