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529 Language

Sec. X. 16 V.S.A. § 2877(b)(7) is amended to read:

(b) In order to establish and administer the Investment Plan, the Corporation, in addition to its other powers and authority, shall have the power and authority to:

* * *

(7) Make payments directly to educational institutions on behalf of beneficiaries pursuant to participation agreements; provided that payments of postsecondary education costs shall not be made directly to a beneficiary or plan participant.

* * *

Sec. X. 32 V.S.A. § 5825a is amended to read:

§ 5825A. CREDIT FOR VERMONT HIGHER EDUCATION INVESTMENT PLAN CONTRIBUTIONS

(a) A taxpayer of this State, including each spouse filing a joint return, shall be eligible for a nonrefundable credit against the tax imposed under section 5822 of this title of 10 percent of the first \$2,500.00 per beneficiary, contributed by the taxpayer during the taxable year to a Vermont higher education investment plan account under 16 V.S.A. chapter 87, subchapter 7.

1 (b) A taxpayer who has received a credit under subsection (a) of this section
2 shall repay to the Commissioner 10 percent of any distribution from a higher
3 education investment plan account, which distribution is not ~~excluded from~~
4 ~~gross income in the taxable year under 26 U.S.C. § 529, as amended, used~~
5 exclusively for costs of attendance at an approved postsecondary education
6 institution as defined in 16 V.S.A. § 2822(6), up to a maximum of the total
7 credits received by the taxpayer under subsection (a) of this section minus any
8 amount of repayment of such credits in prior tax years. Repayments under this
9 subsection shall be subject to assessment, notice, penalty and interest,
10 collection, and other administration in the same manner as an income tax under
11 this chapter.

12 Sec. Y. EFFECTIVE DATE

13 Notwithstanding 2 V.S.A. § 214, Sec. X (Vermont higher education
14 investment plan credit) shall take effect retroactively on January 1, 2018 and
15 apply to taxable years 2018 and after.

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