

1 H.922 AS PASSED THE HOUSE

2 * * * 529 Plans * * *

3 Sec. 3. 16 V.S.A. § 2876 is amended to read:

4 § 2876. DEFINITIONS

5 As used in this subchapter, except where the context clearly requires
6 another interpretation:

7 * * *

8 (5) “Postsecondary education costs” means the qualified costs of tuition
9 and fees and other expenses for attendance at an ~~institution of postsecondary~~
10 ~~education, as defined in the Internal Revenue Code~~ approved postsecondary
11 education institution.

12 (6) ~~“Institution of postsecondary education”~~ “Approved postsecondary
13 education institution” means ~~an institution as defined in the Internal Revenue~~
14 ~~Code~~ a postsecondary education institution as defined in section 2822 of this
15 title.

16 * * *

17 Sec. 4. 16 V.S.A. § 2879a(a) is amended to read:

18 (a) Any participant may cancel a participation agreement at will, and any
19 return of funds from the participant’s account shall be subject to terms and
20 conditions established by the Corporation, provided that any penalties levied as

1 a result comply with the ~~Internal Revenue Code's~~ provisions of the Internal
2 Revenue Code or Title 32 relating to Investment Plans.

3 Sec. 5. 16 V.S.A. § 2879e is amended to read:

4 § 2879e. CONSTRUCTION AND APPLICATION

5 This subchapter shall be construed liberally in order to effectuate its
6 legislative intent. The purposes of this subchapter and all provisions of this
7 subchapter with respect to powers granted shall be broadly interpreted to
8 effectuate such intent and purposes and not as to any limitation of powers.

9 This subchapter shall be interpreted and enforced in a manner that shall
10 achieve this public purpose in compliance with the applicable provisions of the
11 Internal Revenue Code, except to the extent the Code is inconsistent with the
12 provisions of 32 V.S.A. § 5825a.

13 Sec. 6. 32 V.S.A. § 5825a(b) is amended to read:

14 (b) A taxpayer who has received a credit under subsection (a) of this
15 section shall repay to the Commissioner 10 percent of any distribution from a
16 higher education investment plan account, which distribution is not ~~excluded~~
17 ~~from gross income in the taxable year under 26 U.S.C. § 529, as amended,~~
18 used exclusively for costs of attendance at an approved postsecondary
19 education institution as defined in 16 V.S.A. § 2822(6), up to a maximum of
20 the total credits received by the taxpayer under subsection (a) of this section
21 minus any amount of repayment of such credits in prior tax years. Repayments

1 under this subsection shall be subject to assessment, notice, penalty and
2 interest, collection, and other administration in the same manner as an income
3 tax under this chapter.

4 Sec. 7. REPORT ON NONPOSTSECONDARY USE OF HIGHER
5 EDUCATION INVESTMENT PLAN FUNDS

6 The Vermont Student Assistance Corporation shall report the amount of
7 assets withdrawn by participants from the Vermont Higher Education
8 Investment Plan in the preceding calendar year for education costs other than
9 postsecondary education costs, as well as the total amount of assets withdrawn
10 by participants in the preceding calendar year, to the House Committee on
11 Ways and Means and the Senate Committee on Finance annually on or before
12 January 15.

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