WEST VIRGINIA CODE CHAPTER 18 ARTICLE 30A

WV Legislature

§18-30A-1. Short Title.

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

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§18-30A-2. Findings.

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

(b) The Legislature further finds that, whenever possible, this article should be read in pari materia and construed in harmony with the West Virginia College Savings Program Act, §18-30-1 *et seq*. of this code.

(c) The Legislature further finds that interests in the Jumpstart Savings Program Trust are intended:

(1) To qualify for relevant federal securities law exemptions for public instrumentalities of a state; and

(2) To be exempt from registration under Chapter 32 of the West Virginia Code, titled the "Uniform Securities Act."

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§18-30A-3. Definitions.

(a) For the purposes of this article, the following terms shall have the following meanings:

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

"Advanced Career Education" or ACE, shall mean the same as that term is used in §18-25-11 of this code.

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

(3) The "board" means the Board of Trustees of the West Virginia College and Jumpstart Savings Programs created in §18-30-4 of this code.

(4) "Contribution" means any amount of money deposited into a Jumpstart Savings Account according to the procedures established and required by the board or the Treasurer.

(5) "Deduction" as used in this article has the same meaning as when used in a comparable context in the laws of the United States relating to income taxes, unless a different meaning is clearly required. Deduction means and refers to a deduction allowable under the federal income tax code for the purpose of determining federal taxable income or federal adjusted gross income, unless text clearly indicates otherwise.

(6) "Distributee" has the same meaning provided in §11-21-12m of this code.

(7) "Distribution" means any disbursement from an account.

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

(A) The spouse of the beneficiary;

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

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

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

(E) A first cousin of the beneficiary;

(F) A stepfather or stepmother of the beneficiary;

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

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

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

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

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

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

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

(11) "Qualified expense" means an account distribution, or any amount thereof, expended by an account beneficiary in the taxable year of receipt of the distribution or the next succeeding taxable year that:

(A) Is allowable as a federal personal income tax deduction pursuant to 26 U.S.C. § 162, as an ordinary and necessary business expense, and is incurred in carrying on a qualifying profession;

(B) Is allowable as a federal personal income tax deduction pursuant to 26 U.S.C. § 195(b), as a business start-up expenditure, and is incurred in carrying on a qualifying profession; or

(C) Is expended for goods, services, or other expenses that qualify for a federal personal income tax deduction for depreciation or amortization over time, pursuant to a provision of 26 U.S.C. § 161-199a and that are used to carry on a qualifying profession; or

(D) Is not allowable as any one of the federal personal income tax deductions described in paragraphs (A) through (C) of this subdivision and is expended for:

(i) The purchase of tools, equipment, or supplies used exclusively in a qualifying profession;

(ii) Costs to establish a business in this state to practice a qualifying profession; or

(iii) Fees for required certification or licensure in a qualifying profession: *Provided*, That in no event shall any dues, fees, subscriptions, or any other payments to a labor organization constitute qualified expenses for the purposes of this article; and

(iv) Is not reimbursed by the taxpayer’s employer.

(12) "Qualifying profession" means an occupation, profession, or trade for which the

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designated beneficiary is required to:

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

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

(C) Earn a license or certification from an Advanced Career Education (ACE) career center; or

(D) Earn an associate degree or certification from a community and technical college or from a school or program, authorized by the West Virginia Council for Community or Technical College Education or a similar agency in another state, to award associates degrees or technical certifications;

(E) Earn a license or certification from a career and technical education or vocational training program at a public secondary school; or

(F) Complete any other apprenticeship or educational program consistent with the purposes of this article, as approved by the board.

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

(b) The amendments to this section adopted during the regular session of the Legislature, 2023, are effective January 1, 2023.

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

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

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§18-30A-5. The Board of Trustees of the West Virginia College and Jumpstart Savings Programs.

The West Virginia Jumpstart Savings Program shall be administered by the Board of Trustees of the West Virginia College and Jumpstart Savings Programs. The board is created in §18-30-4 of this code and is a public instrumentality of the State of West Virginia.

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§18-30A-6. Powers of the board to implement and administer the Jumpstart Savings Program.

(a) The board shall implement and administer the Jumpstart Savings Program in accordance with this article and all applicable laws and regulations.

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

(1) Adopt and amend bylaws;

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

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

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

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

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

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

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

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property received into cash within 90 days of receipt; and

(9) Propose legislative rules for promulgation in accordance with §29A-3-1 *et seq*. of this code, including emergency rules when necessary.

(c) The board may enter into agreements with other states or agencies of, subdivisions of, or residents of those states related to the program or a program that is substantially similar to the Jumpstart Savings Program established by another state.

(d) The power and duties of the board provided in this article are in addition to the powers and duties of the board provided in §18-30-1 *et seq*. of this code.

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

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

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

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

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

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

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

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

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

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

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

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

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

(a) There is hereby established the Jumpstart Savings Program Trust, a public instrumentality of the State of West Virginia. The Jumpstart Savings Program Trust shall offer and issue interests in the trust to eligible members of the public.

(b) There is hereby also established a Jumpstart Savings Program Trust Fund Account, titled the Jumpstart Savings Trust Fund, within the accounts held by the Treasurer or with a financial institution, an investment manager, a fund manager, the West Virginia Investment Management Board, the Board of Treasury Investments, or any other person for the purpose of managing and investing the trust fund. Assets of the Jumpstart Savings Program Trust are held in trust for account owners and beneficiaries.

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

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

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

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

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

(h) The College and Jumpstart Savings Administrative Account, established in §18-30-8 of this code, shall receive all fees, charges, and penalties collected by the board. All expenses

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incurred by the board or the Treasurer in developing and administering the program shall be payable from the College and Jumpstart Savings Administrative Account.

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

(a) The board may implement the program through use of financial organizations as account depositories and managers. The board may solicit proposals from financial organizations to act as depositories and managers of the program. Financial organizations submitting proposals shall describe the investment instruments which will be held in accounts. The board may select more than one financial organization and investment instrument for the program. The board shall select financial organizations to act as program depositories and managers based on the following criteria:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(c) The board may:

(1) Enter into contracts it deems necessary for the implementation of the program, including, but not limited to, a contract with a financial institution, manager, consultant or other professional to provide services to both the Jumpstart Savings Program, and the College Savings Program, established in §18-30-1 *et seq*. of this code;

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

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

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

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

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

(1) Provide all information required by the Treasurer;

(2) Make a minimum opening deposit, if required by the board; and

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

(c) The Treasurer will deposit $100 from the College and Jumpstart Savings Administrative Account into a newly opened Jumpstart Savings Account if the following criteria are met:

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

(2) Any minimum deposit required by the board is made to the account within 30 days of the account's opening; and

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

(4) The account is opened within the 180 days following the date of the designated beneficiary's enrollment in an apprenticeship, training, or educational program described in §18-30A-3(a)(12) of this code.

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

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

(f) The board may establish minimum deposits or amounts for accounts to be considered active and may establish procedures to close inactive accounts.

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§18-30A-11. Distributions.

(a) A distribution from a Jumpstart Savings Account that was used to pay for qualified expenses is not subject to the increasing income tax modification provided in §11-21-12m(c) of this code.

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

(c) Pursuant to the rule-making authority provided in this article, the board shall promulgate rules specifying the expenditures that constitute qualified expenses, according to §18-30A-3(a)(11)(D) of this code.

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

(a) As provided in §11-21-12m, §11-21-25, and §11-24-10a of this code, contributions, distributions, and employer matching contributions are eligible for specified decreasing modifications in determining taxable income, or specified tax credits against tax imposed by §11-21-1 *et seq*. and §11-24-1 *et seq*. of this code.

(b) Nothing in this article nor in §11-21-12m, §11-21-25, or §11-24-10a of this code shall be construed to decrease or otherwise impact any person's federal tax obligations or to authorize any act which violates federal law.

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

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

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

(2) Prepare, or have prepared, a quarterly report on the status of the program, including the Jumpstart Savings Trust Fund and the College and Jumpstart Savings Administrative Account, and provide a copy of the report to the Joint Committee on Government and Finance: *Provided*, That the report submitted pursuant to §18-30-10 of this code fulfills this subdivision's requirement concerning the College and Jumpstart Savings Administrative Account.

(b) All accounts administered under the program, including the Jumpstart Savings Trust Fund, are subject to an annual external audit by an accounting firm, selected by the board, of which all members or partners assigned to head the audit are members of the American Institute of Certified Public Accountants. The audit shall comply with the requirements and standards in §5A-2-33 of this code.

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§18-30A-14. Records; confidentiality.

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

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

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§18-30A-15. Limitation on liability.

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

(1) Return of principal;

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

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

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

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

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

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

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

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