

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE BILL 770
Committee Substitute Favorable 6/6/06

Short Title: Parental Savings Trust Fund Tax Deduction.-AB

(Public)

Sponsors:

Referred to:

March 17, 2005

A BILL TO BE ENTITLED

AN ACT TO ALLOW FOR AN INCOME TAX DEDUCTION FOR CERTAIN
CONTRIBUTIONS TO THE PARENTAL SAVINGS TRUST FUND.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-134.6(d) is amended by adding two new subdivisions
to read:

"(d) Other Adjustments. – The following adjustments to taxable income shall be
made in calculating North Carolina taxable income:

...

(4) The taxpayer may deduct from taxable income the amount, not to
exceed ten thousand dollars (\$10,000), contributed to an account in the
Parental Savings Trust Fund of the State Education Assistance
Authority established pursuant to G.S. 116-209.25.

(5) The taxpayer shall add to taxable income the amount deducted from
taxable income in a prior taxable year under subdivision (4) of this
subsection to the extent this amount was withdrawn from the Parental
Savings Trust Fund of the State Education Assistance Authority
established pursuant to G.S. 116-209.25 and not used to pay for the
qualified higher education expenses of the designated beneficiary,
unless the withdrawal was made without penalty under section 529 of
the Code due to the death or permanent disability of the designated
beneficiary."

SECTION 2. The Revenue Laws Study Committee shall study the issue of
providing income tax deductions for all contributions to section 529 plans. The
Committee shall report on its findings, including any recommendations or legislative
proposals, to the 2007 General Assembly.

SECTION 3. Section 1 of this act is effective for taxable years beginning on
or after January 1, 2006. The remainder of this act is effective when it becomes law.
This act is repealed for taxable years beginning on or after January 1, 2011.