

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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SENATE DRS35299-LY-181 (3/13)

Short Title: Section 529 Plan - Tax Deduction.

(Public)

Sponsors: Senator Hoyle.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO EXPAND THE INCOME TAX DEDUCTION FOR CONTRIBUTIONS
TO COLLEGE SAVINGS ACCOUNTS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-134.6(d) reads as rewritten:

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

...

(4) A taxpayer whose adjusted gross income (AGI), as calculated under the Code, is less than the amount listed in this subdivision may deduct from taxable income the amount, not to exceed two thousand dollars (\$2,000), contributed to ~~an account in the Parental Savings Trust Fund of the State Education Assistance Authority established pursuant to G.S. 116-209.25~~ a qualified tuition program that is organized under section 529 of the Code. In the case of a married couple filing a joint return, the maximum dollar amount of the deduction is four thousand dollars (\$4,000).

Filing Status

AGI

Married, filing jointly

\$100,000

Head of Household

80,000

Single

60,000

Married, filing separately

50,000

(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from taxable income in a prior taxable year under subdivision (4) of this subsection to the extent this amount was withdrawn from the ~~Parental Savings Trust Fund of the State Education Assistance Authority established pursuant to G.S. 116-209.25~~ qualified tuition program and

1 not used to pay for the qualified higher education expenses of the
2 designated beneficiary, unless the withdrawal was made without
3 penalty under section 529 of the Code due to the death or permanent
4 disability of the designated beneficiary."

5 **SECTION 2.** This act is effective for taxable years beginning on or after
6 January 1, 2007.