

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007**

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**HOUSE BILL 1410\***

Short Title: Section 529 Plan - Tax Deduction. (Public)

Sponsors: Representatives Holliman; Allred, Dockham, Faison, Folwell, and Hurley.

Referred to: Finance.

April 12, 2007

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).

<b>Filing Status</b>	<b>AGI</b>
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from taxable income in a prior taxable year under subdivision (4) of this subsection to the extent this amount was withdrawn from the ~~Parental Savings Trust Fund of the State Education Assistance Authority established pursuant to G.S. 116-209.25~~ qualified tuition program and not used to pay for the qualified higher education expenses of the designated beneficiary, unless the withdrawal was made without

1                                   penalty under section 529 of the Code due to the death or permanent  
2                                   disability of the designated beneficiary."

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