

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2007

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HOUSE BILL 2224

Short Title: Enhance 529 Plan Deduction. (Public)

Sponsors: Representatives Jeffus; Faison, Harrison, Insko, Lucas, and Wainwright.

Referred to: Finance.

May 20, 2008

A BILL TO BE ENTITLED
AN ACT TO MODIFY THE DEDUCTION FROM TAXABLE INCOME FOR
CONTRIBUTIONS TO 529 PLANS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-134.6(d)(4) reads as rewritten:

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

...

(4) A taxpayer may deduct from taxable income the amount, not to exceed ~~two thousand five hundred dollars (\$2,500)~~, five thousand dollars (\$5,000), contributed to an account in the Parental Savings Trust Fund of the State Education Assistance Authority established pursuant to G.S. 116-209.25. In the case of a married ~~couple~~ person filing a ~~joint~~ separate return, the maximum dollar amount of the deduction is ~~five thousand dollars (\$5,000)~~ two thousand five hundred dollars (\$2,500)."

SECTION 2. Section 31.19(d) of S.L. 2007-323 is repealed.

SECTION 3. G.S. 105-134.6(d)(4) 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 five thousand dollars (\$5,000), contributed to an account in the Parental Savings Trust Fund of the State Education Assistance Authority established pursuant to G.S. 116-209.25. In the case of a married person filing a separate return, the maximum dollar amount of the deduction is two thousand five hundred dollars (\$2,500).

Filing Status

AGI

1	<u>Married, filing jointly</u>	<u>\$100,000</u>
2	<u>Head of household</u>	<u>80,000</u>
3	<u>Single</u>	<u>60,000</u>
4	<u>Married, filing separately</u>	<u>50,000"</u>

5 **SECTION 4.** Section 1 of this act is effective for taxable years beginning on
6 or after January 1, 2008. Section 3 of this act is effective for taxable years beginning on
7 or after January 1, 2012. The remainder of this act is effective when it becomes law.