

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005

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HOUSE BILL 1781

Short Title: College Savings Plan Tax Deductible. (Public)

Sponsors: Representatives Rhodes; Cleveland, Culp, Daughtry, Gulley, Lewis, McMahan, and Vinson.

Referred to: Finance.

May 12, 2005

A BILL TO BE ENTITLED

AN ACT TO EXEMPT FROM THE INCOME TAX AMOUNTS CONTRIBUTED TO
A QUALIFIED TUITION PROGRAM.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-134.6(b), as amended by S.L. 2005-1, is amended by adding a new subdivision to read:

"(b) Deductions. – The following deductions from taxable income shall be made in calculating North Carolina taxable income, to the extent each item is included in taxable income:

...

(19) The amount contributed to a qualified tuition program under section 529 of the Code."

SECTION 2. G.S. 105-134.6(c) is amended by adding a new subdivision to read:

"(c) Additions. – The following additions to taxable income shall be made in calculating North Carolina taxable income, to the extent each item is not included in taxable income:

...

(9) The amount deducted from taxable income in a prior taxable year under subdivision (b)(19) of this section to the extent this amount was withdrawn from the qualified tuition program and not used to pay for the qualified higher education expenses of the designated beneficiary, unless the withdrawal was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 3. This act is effective for taxable years beginning on or after January 1, 2005.