

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2003**

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HOUSE BILL 1673

Short Title: Exempt Parental Savings Trust Contributions. (Public)

Sponsors: Representative Insko.

Referred to: Finance.

May 26, 2004

A BILL TO BE ENTITLED

AN ACT TO EXEMPT FROM INCOME TAX CONTRIBUTIONS BY A PARENT
OR GRANDPARENT TO A PARENTAL SAVINGS TRUST.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 105-134.6(b)(13) is reenacted and reads as rewritten:

"(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:

...

(13) The amount that is distributed to the parent, stepparent, grandparent, or stepgrandparent of a designated beneficiary contributed during the taxable year on behalf of the beneficiary of to the Parental Savings Trust Fund of the State Education Assistance Authority, not to exceed the lesser of five thousand dollars (\$5,000) per beneficiary or ten thousand dollars (\$10,000) per taxpayer for the taxable year. Authority unless the distribution is a refund of earnings described in 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amount of a contribution deducted under subdivision (b)(13) of this section in any taxable year to the extent it was withdrawn from the Parental Savings Trust Fund and was subject to the additional tax under section 529(c)(6) of the Code for the current taxable year."

SECTION 3. This act becomes effective for taxable years beginning on or after January 1, 2004.