

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2005**

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SENATE DRS55334-LY-334 (5/9)

Short Title: Parental Savings Trust Fund Tax Deduction. (Public)

Sponsors: Senator Boseman.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO ALLOW FOR AN INCOME TAX DEDUCTION FOR CERTAIN
CONTRIBUTIONS TO THE PARENTAL SAVINGS TRUST FUND.

The General Assembly of North Carolina enacts:

SECTION 1. G.S.105-134.6(b) 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, not to exceed ten thousand dollars (\$10,000), the parent
or grandparent of a designated beneficiary contributed on behalf of the
designated beneficiary to the Parental Savings Trust Fund of the State
Educational Assistance Authority established pursuant to
G.S. 116-209.25. The amount of the deduction may not exceed five
thousand dollars (\$5,000) per contributor per beneficiary per taxable
year.

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:

...

(11) 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withdrawn from the Parental Savings Trust Fund of the State
Education Assistance Authority established pursuant to

1 G.S. 116-209.25 and not used to pay for the qualified higher education
2 expenses of the designated beneficiary, unless the withdrawal was
3 made without penalty under section 529 of the Code due to the death
4 or permanent disability of the designated beneficiary."

5 **SECTION 3.** This act is effective for taxable years beginning on or after
6 January 1, 2006.