

**GENERAL ASSEMBLY OF NORTH CAROLINA**  
**SESSION 2005**

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**SENATE BILL 1259**

Short Title: Parental Savings Trust Fund Tax Deduction.

(Public)

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Sponsors: Senators Boseman; and Atwater.

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Referred to: Finance.

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May 11, 2006

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from taxable income in a prior taxable year under subdivision (b)(19) of this section to the extent this amount was withdrawn from the Parental Savings Trust Fund of the State Education Assistance Authority established pursuant to G.S. 116-209.25 and not used to pay for the qualified higher education expenses of the designated beneficiary, unless the withdrawal was

1                           made without penalty under section 529 of the Code due to the death  
2                           or permanent disability of the designated beneficiary."

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