

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 1227*

Short Title: Update IRC Reference/Conform Gift Tax.

(Public)

Sponsors: Senators Kerr, Hoyle, Cochrane, Dalton, Hartsell, and Webster.

Referred to: Finance.

May 21, 1998

A BILL TO BE ENTITLED

1 AN ACT TO UPDATE THE REFERENCE TO THE INTERNAL REVENUE CODE
2 USED IN DEFINING AND DETERMINING CERTAIN STATE TAX
3 PROVISIONS AND TO CONFORM TO FEDERAL GIFT TAX TREATMENT OF
4 CONTRIBUTIONS TO QUALIFIED TUITION PROGRAMS.
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6 The General Assembly of North Carolina enacts:

7 Section 1. G.S. 105-228.90(b)(1a) reads as rewritten:

8 "(1a) Code. – The Internal Revenue Code as enacted as of ~~January 1, 1997,~~
9 June 1, 1998, including any provisions enacted as of that date which
10 become effective either before or after that date."

11 Section 2. G.S. 105-134.6(b)(12) is repealed.

12 Section 3. G.S. 105-134.6(b)(13) reads as rewritten:

13 "(13) The amount that is distributed to a beneficiary of the Parental Savings
14 Trust Fund of the State Education Assistance Authority ~~if the earnings on~~
15 ~~the amount are excluded from income under subdivision (12) of this~~
16 ~~subsection or section 529 of the Code, unless the distribution is a refund of~~
17 earnings described in section 529 of the Code."

18 Section 4. G.S. 105-188 is amended by adding a new subsection to read:

19 "(k) Qualified Tuition Programs. – The provisions of section 529(c)(2) and (5) of
20 the Code apply to this Article. If a donor elects to take a contribution into account ratably

1 over a five-year period as provided in section 529(c)(2) of the Code, that election applies
2 for the purposes of this Article."

3 Section 5. Notwithstanding Section 1 of this act, to the extent an amendment
4 to the Internal Revenue Code enacted after January 1, 1997, would increase North
5 Carolina taxable income for a taxpayer's tax year beginning before January 1, 1998, the
6 amendment does not apply to the taxpayer for that tax year.

7 Section 6. Section 4 of this act becomes effective for taxable years beginning
8 on or after January 1, 1998. The remainder of this act is effective when it becomes law.