

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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SENATE BILL 466
Finance Committee Substitute Adopted 5/22/97

Short Title: No Tax on Parental Savings Trust Fund.

(Public)

Sponsors:

Referred to:

March 24, 1997

A BILL TO BE ENTITLED

AN ACT TO EXEMPT FROM STATE INCOME TAX ALL OF THE ANNUAL INVESTMENT INCOME EARNED BY CONTRIBUTORS ON DEPOSITS IN THE PARENTAL SAVINGS TRUST FUND AS WELL AS THE DISTRIBUTIONS TO BENEFICIARIES OF THAT FUND.

The General Assembly of North Carolina enacts:

Section 1. G.S. 105-134.6(b) is amended by adding two new subdivisions to read:

"(12) Interest and other investment earnings on amounts contributed to the Parental Savings Trust Fund of the State Education Assistance Authority for the payment of room or board at an eligible educational institution, as defined in section 135(c)(3) of the Code.

(13) The amount that is distributed to a beneficiary of the Parental Savings Trust Fund of the State Education Assistance Authority if the earnings on the amount are excluded from income under subdivision (12) of this subsection or section 529 of the Code."

Section 2. This act is effective for taxable years beginning on or after January 1, 1998.