

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2011

Legislative Fiscal Note

BILL NUMBER: Senate Bill 247 (First Edition)

SHORT TITLE: Eliminate Means Test From 529 Deduction

SPONSOR(S): Senators Hartsell, Atwater, and Rucho

FISCAL IMPACT					
	Yes (x)	No ()	No Estimate Available ()		
	<u>FY 2011-12</u>	<u>FY 2012-13</u>	<u>FY 2013-14</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>
REVENUES: (\$ millions)	-0.6	-1.3	-1.3	-1.3	-1.3
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: NC Dept. of Revenue					
EFFECTIVE DATE: Effective when it becomes law					

BILL SUMMARY: Senate Bill 247 eliminates the income threshold for the tax deduction for contributions to an account in the Parental Savings Trust Fund of the State Educational Assistance Authority (NC-529 Plan.) The threshold was eliminated by SL 2007-323 but was scheduled to be reinstated for taxable years beginning on or after January 1, 2012.

ASSUMPTIONS AND METHODOLOGY: Fiscal Research reviewed 2008 tax return data on the NC-529 plan and identified the total amount of deduction by filing status and by federal adjusted gross income that would be impacted by the elimination of the threshold. These amounts were multiplied by the approximate effective tax rate by filing status to estimate the tax year impact. Adjustments were made to convert the estimated tax year impact to the State’s fiscal year.

SOURCES OF DATA: North Carolina Department of Revenue

TECHNICAL CONSIDERATIONS: None

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