

House Bill 946

By: Representatives Kaye of the 37th and Westmoreland of the 104th

A BILL TO BE ENTITLED
AN ACT

1 To amend Article 11 of Chapter 3 of Title 20 of the Official Code of Georgia Annotated,
2 relating to higher education savings plans, so as to change certain provisions regarding
3 maximum contributions; to amend Code Section 48-7-27 of the Official Code of Georgia
4 Annotated, relating to computation of taxable net income, so as to change certain provisions
5 regarding qualifying for certain income tax exclusions; to repeal conflicting laws; and for
6 other purposes.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

8 **SECTION 1.**

9 Article 11 of Chapter 3 of Title 20 of the Official Code of Georgia Annotated, relating to
10 higher education savings plans, is amended by striking paragraph (1) of subsection (b) of
11 Code Section 20-3-634, relating to savings trust agreements under the Georgia Higher
12 Education Savings Plan Trust Fund, and inserting in its place a new paragraph (1) to read as
13 follows:

14 "(1) The maximum and minimum contribution allowed on behalf of each beneficiary for
15 the payment of qualified higher education expenses at eligible institutions as defined in
16 Section 529 of the Internal Revenue Code of 1986 or other applicable federal law;
17 ~~provided, however, that the total of annual contributions for all accounts for any~~
18 ~~beneficiary shall not exceed \$8,000.00, except that an additional annual sum of \$8,000.00~~
19 ~~for all accounts for any beneficiary age ten years old or older may be contributed during~~
20 ~~the first three years in which savings trust agreements are made available by the board~~
21 ~~to the public. Total savings trust account contributions for all accounts for any~~
22 beneficiary shall not exceed \$120,000.00;"

SECTION 2.

Code Section 48-7-27 of the Official Code of Georgia Annotated, relating to computation of taxable net income, is amended in subsection (a) by striking paragraph (11) and inserting in its place a new paragraph (11) to read as follows:

"(11) For taxable years beginning on or after January 1, 2002, an amount equal to the amount of contributions by parents or guardians to a savings trust account established pursuant to Article 11 of Chapter 3 of Title 20 on behalf of a designated beneficiary who is claimed as a dependent on the Georgia tax return of the beneficiary's parents or guardians, but not exceeding \$2,000.00 per beneficiary. If the parents or guardians file separate or single returns, the sum of contributions constituting deductions on their returns under this paragraph shall not exceed \$2,000.00 per beneficiary. To claim the deduction, the taxpayer's ~~federal return must show itemized deductions from adjusted gross income, and the~~ federal adjusted gross income cannot exceed \$100,000.00 for a joint return or \$50,000.00 for a separate or single return; the maximum deduction authorized by this paragraph for each beneficiary shall decrease by \$400.00 for each \$1,000.00 of federal adjusted gross income over the applicable limit. For purposes of this paragraph, contributions or payments for any such taxable year may be made during or after such calendar year but before the deadline for making contributions to an individual retirement account under federal law for such taxable year."

SECTION 3.

All laws and parts of laws in conflict with this Act are repealed.