

House Bill 225

By: Representatives Royal of the 171st, Golick of the 34th, Roberts of the 154th, Keen of the 179th, O`Neal of the 146th, and others

A BILL TO BE ENTITLED
AN ACT

1 To amend Code Section 48-7-27 of the Official Code of Georgia Annotated, relating to
2 computation of taxable net income for state income tax purposes, so as to change certain
3 provisions regarding the deduction for contributions to certain college savings plans; to
4 provide an effective date; to provide applicability; to repeal conflicting laws; and for other
5 purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

8 Code Section 48-7-27 of the Official Code of Georgia Annotated, relating to computation of
9 taxable net income for state income tax purposes, is amended in subsection (a) by revising
10 paragraph (11) and by adding a new paragraph to read as follows:

11 "(11)(A) For taxable years beginning on or after January 1, 2002, and prior to
12 January 1, 2007, an amount equal to the amount of contributions by parents or
13 guardians of a designated beneficiary to a savings trust account established pursuant to
14 Article 11 of Chapter 3 of Title 20 on behalf of the designated beneficiary who is
15 claimed as a dependent on the Georgia income tax return of the beneficiary's parents
16 or guardians, but not exceeding \$2,000.00 per beneficiary.

17 (B) If the parents or guardians file joint returns, separate returns, or single returns, the
18 sum of contributions constituting deductions on their returns under this paragraph shall
19 not exceed \$2,000.00 per beneficiary.

20 (C) In order to claim the deduction for a taxable year:

21 (i) Such parent or guardian must have claimed and been allowed itemized deductions
22 pursuant to Section 63(d) of the Internal Revenue Code of 1986 and paragraph (1) of
23 this subsection;

24 (ii) The federal adjusted gross income for such taxable year cannot exceed
25 \$100,000.00 for a joint return or \$50,000.00 for a separate or single return except as
26 provided in subparagraph (D) of this paragraph; and

1 (iii) Such parent or guardian must be the account owner of the designated
2 beneficiary's account.

3 (D) The maximum deduction authorized by this paragraph for each beneficiary shall
4 decrease by \$400.00 for each \$1,000.00 of federal adjusted gross income over
5 \$100,000.00 for a joint return or \$50,000.00 for a separate or single return.

6 (E) For purposes of this paragraph, contributions or payments for any such taxable year
7 may be made during or after such taxable year but on or before the deadline for making
8 contributions to an individual retirement account pursuant to Section 219(f)(3) of the
9 Internal Revenue Code of 1986;

10 (11.1)(A) For taxable years beginning on or after January 1, 2007, an amount equal to
11 the amount of contributions to a savings trust account established pursuant to Article
12 11 of Chapter 3 of Title 20 on behalf of the designated beneficiary, but not exceeding
13 \$2,000.00 per beneficiary.

14 (B) If the contributor files a joint return, separate return, or single return, the sum of
15 contributions constituting deductions on the contributor's returns under this paragraph
16 shall not exceed \$2,000.00 per return.

17 (C) For purposes of this paragraph, contributions or payments for any such taxable year
18 may be made during or after such taxable year but on or before the deadline for making
19 contributions to an individual retirement account under federal law for such taxable
20 year."

21 **SECTION 2.**

22 This Act shall become effective upon its approval by the Governor or upon its becoming law
23 without such approval.

24 **SECTION 3.**

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