GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H.B. 787
Apr 3, 2025
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH10356-MTfa-34

Short Title: Revise NC 529 Program. (Public)

Sponsors: Representative Roberson.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH A MATCHING PROGRAM FOR CONTRIBUTIONS TO THE PARENTAL SAVINGS TRUST FUND AND TO CREATE A TAX DEDUCTION FOR CERTAIN CONTRIBUTIONS TO QUALIFIED TUITION PROGRAMS.

The General Assembly of North Carolina enacts:

PART I. PARENTAL SAVINGS TRUST FUND MATCHING PROGRAM

SECTION 1.(a) G.S. 116-209.25 is amended by adding the following new subsection to read:

"(e1) Matching Program. – The Authority shall establish a matching program for contributions made by eligible persons who open an education savings and investment plan account qualified under section 529 of the Internal Revenue Code to contribute funds to the Parental Savings Trust Fund for qualifying students. As part of the Program, the Authority shall provide matching contributions of one hundred dollars ($100.00) for every fifty dollars ($50.00) contributed by an eligible person, up to five hundred dollars ($500.00) per year. Matching funds shall be provided up to a maximum of one thousand five hundred dollars ($1,500) per qualifying student. For purposes of this subsection, the following definitions shall apply:

(1) Eligible person. – A qualified parent or other interested party that meets all of the following criteria:
   a. Qualifies as a resident under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and centralized residency determination process administered by the Authority.
   b. Has a household income not in excess of two hundred fifty percent (250%) of the federal poverty guidelines.

(2) Program. – The matching program established pursuant to this subsection.

(3) Qualifying student. – An eligible student in accordance with section 529 of the Code who meets all of the following criteria:
   a. Qualifies as a resident under the criteria set forth in G.S. 116-143.1 and in accordance with the coordinated and centralized residency determination process administered by the Authority.
   b. Is 14 years of age or younger."

SECTION 1.(b) There is appropriated from the General Fund to the Board of Governors of The University of North Carolina for the 2025-2026 fiscal year the sum of one hundred eighty thousand dollars ($180,000) in recurring funds to be allocated to the State Education Assistance Authority to provide matching contributions to the Parental Savings Trust Fund pursuant to G.S. 116-209.25(e1), as enacted by subsection (a) of this section.

SECTION 1.(c) This section becomes effective July 1, 2025.

PART II. CREATE A TAX DEDUCTION FOR CERTAIN CONTRIBUTIONS TO QUALIFIED TUITION PROGRAMS

SECTION 2.(a) G.S. 105-153.5(b) is amended by adding a new subdivision to read:

"(12a) An amount, not to exceed two thousand dollars ($2,000), contributed to an account in the Parental Savings Trust Fund of the State Education Assistance Authority established pursuant to G.S. 116-209.25. In the case of a married couple filing a joint return, the maximum dollar amount of the deduction is four thousand dollars ($4,000). The taxpayer shall add to adjusted gross income the amount deducted in a prior taxable year under this subdivision to the extent this amount was withdrawn from the Parental Savings Trust Fund and not used to pay for the qualified higher education expenses of the designated beneficiary, unless the withdrawal was made without penalty under section 529 of the Code due to the death or permanent disability of the designated beneficiary."

SECTION 2.(b) This section is effective for taxable years beginning on or after January 1, 2026.

PART III. EFFECTIVE DATE

SECTION 3. Except as otherwise provided, this act is effective when it becomes law.