

House Bill 399

By: Representatives Clark of the 147th, Singleton of the 71st, Belton of the 112th, Williams of the 168th, Holcomb of the 81st, 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 the
2 computation of taxable net income, so as to provide that deductions previously taken by a
3 taxpayer for contributions to the Georgia Higher Education Savings Plan shall not be
4 recaptured if a withdrawal from the savings trust account is made by an account owner upon
5 or after the beneficiary's successful completion of two years of active duty service in any
6 branch of the armed forces of the United States; to provide for related matters; to provide for
7 an effective date and applicability; to repeal conflicting laws; and for other purposes.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

9 **SECTION 1.**

10 Code Section 48-7-27 of the Official Code of Georgia Annotated, relating to the computation
11 of taxable net income, is amended in subsection (b) by revising paragraph (10) as follows:

12 "(10)(A) Except as otherwise provided in subparagraph (C) of this paragraph, the amount
13 of any qualified withdrawals from a savings trust account under Article 11 of Chapter 3
14 of Title 20 shall not be subject to state income tax under this chapter.

15 (B) For withdrawals other than qualified withdrawals from such a savings trust
16 account, the proportion of earnings in the account balance at the time of the withdrawal

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shall be applied to the total funds withdrawn to determine the earnings portion to be included in the account owner's taxable net income in the year of withdrawal.

(C) For withdrawals other than qualified withdrawals from such a savings trust account and for withdrawals from such a savings trust account which are rolled over to a qualified tuition program other than the qualified tuition program established under Article 11 of Chapter 3 of Title 20, the proportion of the contributions in an account balance at the time of a withdrawal which previously have been used to reduce taxable net income pursuant to subsection (a) of this Code section shall be applied to the nonearnings portion of the total funds withdrawn to determine an amount to be included in the account owner's taxable net income in the same taxable year.

(D) Notwithstanding the provisions of subparagraph (C) of this paragraph, for withdrawals other than qualified withdrawals from such a savings trust account made by the owner upon or after the beneficiary's successful completion of two years of active duty service in any branch of the armed forces of the United States, the proportion of the contributions in an account balance at the time of a withdrawal which previously have been used to reduce taxable net income pursuant to subsection (a) of this Code section shall not be applied to the nonearnings portion of the total funds withdrawn to determine an amount to be included in the account owner's taxable net income in the same taxable year."

SECTION 2.

This Act shall become effective on July 1, 2021, and shall be applicable to withdrawals made on or after July 1, 2021.

SECTION 3.

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