

Scoring a Tax Break for College

Many parents with kids going to college can get a break on state taxes by contributing to their state's "529" account. (See the Green Thumb column on Page B1 to see how.) Here are the maximum annual deductions or credits available. If your state isn't here, it either doesn't have income taxes or doesn't offer a tax break for "529" deposits.

STATE/DISTRICT	ANNUAL CAP ON THE TAX BREAK	STATE/DISTRICT	ANNUAL CAP ON THE TAX BREAK
Colorado	Unlimited deductions up to the amount of your taxable income*	Michigan	\$5,000 deduction; \$10,000 for married couple filing jointly
Connecticut	\$5,000 deduction; \$10,000 for married couple filing jointly	Mississippi	\$10,000 deduction; \$20,000 for married couple filing jointly
District of Columbia	\$3,000 deduction; \$6,000 for married couple filing jointly; a couple with one child must have two accounts to get the full \$6,000	Missouri	\$8,000 deduction; \$16,000 for married couple filing jointly (both spouses must have income and separate accounts)
Georgia	\$2,000 deduction per beneficiary; declines above \$50,000 in income or \$100,000 for married couple filing jointly	Montana	\$3,000 deduction; \$6,000 for married couple filing jointly
Idaho	\$4,000 deduction; \$8,000 for married couple filing jointly	Nebraska	\$1,000 deduction per household
Illinois	\$10,000 deduction; \$20,000 for married couple filing jointly	New Mexico	Unlimited deductions up to the amount of your taxable income*
Indiana	\$1,000 tax credit (20% of deposit up to \$5,000) starting in 2007	New York	\$5,000 deduction; \$10,000 for married couple filing jointly
Iowa	\$2,500 deduction per beneficiary; \$5,000 for married couple filing jointly	Ohio	\$2,000 deduction per beneficiary per household
Kansas	\$3,000 deduction for each beneficiary; \$6,000 for married couple filing jointly	Oklahoma	\$10,000 deduction; \$20,000 for married couple filing jointly
Louisiana	\$2,400 deduction per beneficiary per year; \$4,800 for married couple filing jointly; state matches deposits on up to 14% of deposit depending on income	Oregon	\$2,000 deduction per household
Maine	\$250 deduction per beneficiary starting in 2007 if income is below \$100,000 (or \$200,000 for married couple filing jointly)	Rhode Island	\$500 deduction; \$1,000 for married couple filing jointly
Maryland	\$2,500 per account holder per beneficiary; a mother and father can hold separate accounts in order to get a \$5,000 deduction per beneficiary (or \$10,000 if each parent maxes out the deduction in both of the state's 529 plans)	South Carolina	Unlimited deductions up to the amount of your taxable income*
		Utah	\$1,560 deduction per beneficiary; \$3,120 for married couple filing jointly
		Vermont	\$100 tax credit (5% of deposit up to \$2,000) per beneficiary; \$200 for married couple filing jointly
		Virginia	\$2,000 deduction per year, per account. Multiple accounts are fine, up to certain limits.
		West Virginia	Unlimited deductions*
		Wisconsin	\$3,000 deduction per beneficiary per household

* These states (and others) limit the total amount you can have deposited in a 529 plan at any one time.

Sources: the states