

HB52 INTRODUCED



1 HB52
2 UM6HDGX-1
3 By Representatives Garrett, Almond
4 RFD: Ways and Means Education
5 First Read: 04-Feb-25
6 PFD: 01-Oct-24



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SYNOPSIS:

Under current law, contributions to an Alabama Achieving a Better Life Experience (ABLE) savings account are deductible from taxable income on an Alabama individual income tax return until December 31, 2025, when the deduction is sunset.

This bill would extend the Alabama ABLE contribution deduction through December 31, 2030.

A BILL
TO BE ENTITLED
AN ACT

Relating to income taxes; to amend Section 40-18-15.8, Code of Alabama 1975, to extend the sunset date for the existing income tax deduction for contributions to an Alabama Achieving a Better Life Experience (ABLE) savings account to December 31, 2030.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 40-18-15.8, Code of Alabama 1975, is amended as follows:

"§40-18-15.8

(a) An individual taxpayer shall be allowed a deduction from gross income, regardless of whether the taxpayer itemizes



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29 income tax deductions in calculating the income tax imposed
30 pursuant to Section 40-18-5, for contributions made to an
31 Alabama Achieving a Better Life Experience (ABLE) savings
32 account, defined in Section 16-33C-3, as prescribed by this
33 section.

34 (b) An individual taxpayer will be allowed to deduct
35 contributions made on or after January 1, 2021, to an Alabama
36 ABLE savings account, by or on behalf of such individual, of
37 an amount up to five thousand dollars (\$5,000) per annum. If
38 the taxpayer makes a nonqualified withdrawal as defined by
39 Section 529A of the Internal Revenue Code (26 U.S.C. § 529A),
40 the amount of the nonqualified withdrawal, plus 10 percent of
41 the amount withdrawn, shall be added back to the income of the
42 contributing taxpayer in the year the nonqualified withdrawal
43 was distributed. Rollover amounts transferred to an Alabama
44 ABLE savings account shall not be considered contributions for
45 purposes of this deduction to the extent that an Alabama
46 income tax deduction has already been claimed for the rollover
47 contribution amounts.

48 (c) The Department of Revenue may adopt rules to assist
49 with the administration of this section.

50 (d) The deduction allowed under this section shall not
51 be claimed for tax years that begin after December 31, 2030.
52 ~~Unless extended by an act of the Legislature, this section~~
53 ~~shall sunset on December 31, 2025."~~

54 Section 2. This act shall become effective on October
55 1, 2025.