



## **Bill Analysis**

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Sponsor:

Bill Number: AB 339

Related Bills: See Legislative  
History

Amended: March 14, 2023

### **SUBJECT**

Qualified ABLE Program

### **SUMMARY**

This bill would increase the age for eligible individuals from 26 to 46 for an Achieving a Better Life Experience (ABLE) account.

### **RECOMMENDATION**

No position.

### **SUMMARY OF AMENDMENTS**

The March 14, 2023, amendments added the provisions to conform to the federal increase in age eligibility for ABLE accounts under Revenue and Taxation Code sections 17010.4 and 23711.4.

This is the department's first analysis of the bill and only addresses the provisions that would impact the department.

### **REASON FOR THE BILL**

The reason for the bill is to provide conformity to the federal law which eases return preparation for taxpayers.

### **ANALYSIS**

Under prior federal law, to be a designated beneficiary of an ABLE account, an eligible individual's blindness or disability must have occurred before the individual attained age 26. This bill, under the Personal Income Tax Law (PITL) and Corporation Tax Law (CTL), would specifically conform to the provision established under the Consolidated Appropriations Act (CAA), 2023 (Public Law (P.L.) 117-328) that increased that age requirement to age 46 for eligible individuals.

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### *Effective/Operative Date*

This bill would be effective January 1, 2024, and specifically operative for taxable years beginning on or after January 1, 2026.

### *Federal/State Law*

Existing state and federal laws provide for qualified tuition programs, also known as Internal Revenue Code (IRC) section 529 accounts, as well as ABLÉ accounts, also known as IRC section 529A accounts. Both are tax-favored savings programs. An IRC section 529 plan account is a tax-advantaged investment vehicle in the United States designed to encourage saving for the future higher education expenses of a designated beneficiary. An ABLÉ account is a tax-advantaged investment vehicle in the United States designed to encourage saving for the account beneficiary's qualified disability expenses.

An eligible individual for an ABLÉ account is an individual either (1) for whom a disability certification has been filed with the Secretary for the taxable year, or (2) who is entitled to Social Security Disability Insurance benefits or SSI benefits, based on blindness or disability, and such blindness or disability occurred before the individual attained age 46.

The CAA, 2023 (P.L.117-328) increased the age from 26 to 46 by which a disability onset for an eligible individual must occur to be a designated beneficiary of an ABLÉ account.

California conforms, under the PITL, relating to qualified ABLÉ programs and accounts under IRC section 529A, as of the "specified date" of 1/1/2015, with modifications. California also conforms to certain modifications made by the Consolidated Appropriations Act (CAA), 2016 (P.L. 114-113) and the Tax Cuts and Jobs Act (TCJA) (P.L. 115-97) after 1/1/2015 but does not conform to the increased age limitation under CAA, 2023 (P.L.117-328).

### *Implementation Considerations*

None noted.

### *Technical Considerations*

None noted.

### *Policy Considerations*

None noted.

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**LEGISLATIVE HISTORY**

AB 91 (Burke, Chapter 39, Statutes 2019) conformed, with modifications, to the allowance of rollovers between IRC section 529 accounts and ABLE accounts made by the TCJA and clarifies the treatment of distributions made under TCJA. AB 91 also conformed to changes made by the CAA, 2016 to maintain account qualification for the ABLE program and the definition of qualified educational expenditures under IRC section 529.

**PROGRAM BACKGROUND**

None noted.

**FISCAL IMPACT**

This bill would not significantly impact the department's costs.

**ECONOMIC IMPACT**

*Revenue Estimate*

This bill would result in the following revenue loss:

Estimated Revenue Impact of AB339 as Amended March 14, 2023  
 Assumed Enactment after June 30, 2023

(\$ in Millions)

<b>Fiscal Year</b>	<b>Revenue</b>
2023-2024	-\$0
2024-2025	-\$0
2025-2026	-\$0.7

This analysis does not account for changes in employment, personal income, or gross state product that could result from this bill or for the net final payment method of accrual.

**LEGAL IMPACT**

None noted.

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**APPOINTMENTS**

None noted.

**SUPPORT/OPPOSITION**

To be determined.

**ARGUMENTS**

To be determined.

**LEGISLATIVE CONTACT**

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