



Bill Analysis

Author: Irwin

Bill Number: AB 339

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.

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.

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 ABLE 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 ABLE 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 ABLE 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 ABLE account.

California conforms, under the PITL, relating to qualified ABLE 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.

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 clarified 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 AB 339
 Assumed Enactment after June 30, 2023

(\$ in Millions)

Fiscal Year	Revenue
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.

APPOINTMENTS

None noted.

SUPPORT/OPPOSITION

As per the September 2, 2023, Senate Governance and Finance committee analysis of AB 339, the following organizations are in support and opposition of this bill.

Support

- Fiona Ma - California State Treasurer (Sponsor)
- East Bay Developmental Disabilities Legislative Coalition (Sponsor)
- Association of Regional Center Agencies
- California Society of Enrolled Agents
- Disability Rights California
- The ARC and United Cerebral Palsy California Collaboration

Opposition

None on file

VOTES

(The vote information is shown in date sequential order with the most recent date listed first.)

Location	Date	Yes Votes	No Votes
Senate Floor	September 12, 2023	39	0
Assembly Floor	May 25, 2023	78	0

LEGISLATIVE STAFF CONTACT

FTBLegislativeServices@ftb.ca.gov

Amy Tong
 Agency Secretary, GovOps
 Work (916) 651-9011

Luis Larios
 Legislative Deputy, GovOps
 Work (916) 651-9373

Selvi Stanislaus
 Executive Officer, FTB
 Work (916) 845-4543

Denis Armstrong
 Legislative Director, FTB
 Work (916) 845-6333