



## **Bill Analysis**

Author: Addis

Bill Number: AB 1076

## **SUBJECT**

California Achieving a Better Life Experience (CalABLE) Direct Deposits

## **SUMMARY**

The bill would, under the Revenue and Taxation Code (RTC), require the Franchise Tax Board (FTB) to revise individual and fiduciary tax form instructions to inform taxpayers they can request a direct deposit of a portion of an income tax refund into the California ABLE Program Trust beginning January 1, 2026.

The bill would also, under the Welfare and Institutions Code (WIC), amend the provision related to the power and authority of the California ABLE Act Board that administers the California ABLE Program Trust. This analysis only addresses the provisions that would impact the FTB.

## **REASON FOR THE BILL**

The reason for the bill is to encourage taxpayers to save for future educational expenses for themselves or their dependents by requiring the FTB to include return filing instructions for depositing a portion of an income tax refund into an ABLE account.

## **ANALYSIS**

This bill would, under the RTC, require the FTB to revise form instructions to include information regarding a taxpayer's option to directly deposit a portion of their personal income tax refund into the California ABLE Program Trust.

This bill would require the California ABLE Act Board to provide the FTB with a description of the California ABLE Program Trust, not to exceed five lines, on or before a date specified by the FTB.

The bill would define "California ABLE Program Trust" as the trust created pursuant to Chapter 15 of Division 4.5 of WIC.

### *Effective/Operative Date*

This bill would be effective and operative January 1, 2026.

*Federal/State Law*

Existing state and federal laws provide for qualified tuition programs (known as Internal Revenue Code (IRC) section 529 accounts) and ABLE accounts (known as IRC section 529A accounts). Both are tax-favored savings programs. An IRC section 529 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.

Federal law allows taxpayers three direct deposit options:

- Split the refund with direct deposits into up to three checking and/or savings accounts,
- Direct deposit the refund into a checking or savings account, including health savings, brokerage or other accounts, such as an Individual Retirement Account, or
- Use the refund to purchase up to \$5,000 in United States Series I Savings Bonds.

State law allows taxpayers the following direct deposit options:

- Split the refund with direct deposits into more than one checking and/or savings accounts, including an IRC section 529 college savings account,
- Direct deposit the refund into a checking or savings account, including an IRC section 529 college savings account (Golden State ScholarShare College Savings Plan or other IRC section 529 college savings account).

*Implementation Considerations*

None noted.

*Technical Considerations*

None noted.

*Policy Considerations*

None noted.

**LEGISLATIVE HISTORY**

AB 984 (Nguyen, 2025/2026), under the Personal Income Tax Law, would allow the CalABLE deduction to be an above-the-line deduction in determining adjusted gross income for taxable years beginning on or after January 1, 2026, and before January 1, 2031, and would add RTC section 41 goals and FTB reporting requirements. AB 984 was held in the Assembly Appropriations Committee.

AB 339 (Irwin, Chapter 324, Statutes of 2023) beginning January 1, 2026, revises the definition of “eligible individual” under the Qualified ABLE Program by increasing the age limit for when an eligible individual’s blindness or disability occurred to 46 years of age to conform with the federal ABLE Act.

AB 2216 (Irwin, Chapter 896, Statutes of 2022) made changes to the CalABLE Act to better align with the federal ABLE Act.

AB 91 (Burke, Chapter 39, Statutes of 2019) eliminated differences in qualification criteria for ABLE accounts between federal and California tax law to increase contribution limits to up to the federal poverty level and allow taxpayers to rollover Section 529 plans to ABLE accounts.

AB 449 (Irwin, Chapter 774, Statutes of 2015) this bill, for taxable years on or after January 1, 2016, established the state ABLE Program Trust for purposes of conforming to the federal ABLE Act. This bill authorized the ABLE Act Board to adopt regulations to implement the program, created the program fund, and required the ABLE Act Board to administer the program in compliance with the Federal ABLE Act.

AB 1796 (Linder, Chapter 135, Statutes of 2014) this bill required the FTB to revise taxpayer form instructions to include information about the ability of a taxpayer to directly deposit a portion of a refund into the Golden State ScholarShare College Savings Trust.

**PROGRAM BACKGROUND**

None noted.

**OTHER STATES’ INFORMATION**

None noted.

**FISCAL IMPACT**

FTB anticipates minimal costs to implement this bill.

**ECONOMIC IMPACT**

This bill would not impact state income or franchise tax revenue.

**LEGAL IMPACT**

None noted.

**EQUITY IMPACT**

None noted.

**APPOINTMENTS**

None noted.

**SUPPORT/OPPOSITION**

Senate Floor Analysis, dated August 30, 2025.

*Support*

California State Treasurer  
California Advocates for Nursing Home Reform  
Easterseals Northern California

*Opposition*

None on file.

**VOTES**

Location	Date	Yes Votes	No Votes
Concurrence	September 8, 2025	79	0
Senate Floor	September 4, 2025	39	0
Assembly Floor	June 3, 2025	79	0

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