

1 SB231
2 209021-2
3 By Senator Barfoot
4 RFD: Finance and Taxation Education
5 First Read: 11-FEB-21

2
3
4 ENGROSSED

5
6
7 A BILL
8 TO BE ENTITLED
9 AN ACT

10
11 Relating to individual income tax; provides an
12 income tax deduction of up to five thousand dollars per annum
13 for contributions made to a qualifying Alabama Achieving a
14 Better Life Experience (ABLE) savings account.

15 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

16 Section 1. Section 40-18-15.8 is added to the Code
17 of Alabama 1975, to read as follows:

18 § 40-18-15.8.

19 (a) An individual taxpayer shall be allowed a
20 deduction from gross income, regardless of whether the
21 taxpayer itemizes income tax deductions in calculating the
22 income tax imposed pursuant to Section 40-18-5, for
23 contributions made to an Alabama Achieving a Better Life
24 Experience (ABLE) savings account, defined in Section
25 16-33C-3, Code of Alabama 1975, as prescribed by this section.

26 (b) An individual taxpayer will be allowed to deduct
27 contributions made on or after January 1, 2021 to an Alabama

1 ABLE savings account, by or on behalf of such individual, of
2 an amount up to five thousand dollars (\$5,000) per annum. If
3 the taxpayer makes a nonqualified withdrawal as defined by
4 Section 529A of the Internal Revenue Code (26 U.S.C. 529A),
5 the amount of the nonqualified withdrawal, plus 10 percent of
6 the amount withdrawn, shall be added back to the income of the
7 contributing taxpayer in the year the nonqualified withdrawal
8 was distributed. Rollover amounts transferred to an Alabama
9 ABLE savings account shall not be considered contributions for
10 purposes of this deduction to the extent that an Alabama
11 income tax deduction has already been claimed for the rollover
12 contribution amounts.

13 Section 2. The Department of Revenue may adopt rules
14 to assist with the administration of this act.

15 Section 3. Unless extended by an act of the
16 Legislature, this act shall sunset on December 31, 2025.

17 Section 4. This act shall become effective for tax
18 years beginning after December 31, 2020, following its passage
19 and approval by the Governor, or upon its otherwise becoming
20 law.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17

Senate

Read for the first time and referred to the Senate
committee on Finance and Taxation Education 11-FEB-21

Read for the second time and placed on the calen-
dar 1 amendment..... 15-APR-21

Read for the third time and passed as amended 20-APR-21

Yeas 29
Nays 0

Patrick Harris,
Secretary.