

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

1 SB231

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4 ENROLLED, An Act,

5 Relating to individual income tax; provides an
6 income tax deduction of up to five thousand dollars per annum
7 for contributions made to a qualifying Alabama Achieving a
8 Better Life Experience (ABLE) savings account.

9 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

12 § 40-18-15.8.

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

20 (b) An individual taxpayer will be allowed to deduct
21 contributions made on or after January 1, 2021 to an Alabama
22 ABLE savings account, by or on behalf of such individual, of
23 an amount up to five thousand dollars (\$5,000) per annum. If
24 the taxpayer makes a nonqualified withdrawal as defined by
25 Section 529A of the Internal Revenue Code (26 U.S.C. 529A),

1 the amount of the nonqualified withdrawal, plus 10 percent of
2 the amount withdrawn, shall be added back to the income of the
3 contributing taxpayer in the year the nonqualified withdrawal
4 was distributed. Rollover amounts transferred to an Alabama
5 ABLE savings account shall not be considered contributions for
6 purposes of this deduction to the extent that an Alabama
7 income tax deduction has already been claimed for the rollover
8 contribution amounts.

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

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

13 Section 4. This act shall become effective for tax
14 years beginning after December 31, 2020, following its passage
15 and approval by the Governor, or upon its otherwise becoming
16 law.

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President and Presiding Officer of the Senate

Speaker of the House of Representatives

SB231

Senate 20-APR-21

I hereby certify that the within Act originated in and passed the Senate, as amended.

Patrick Harris,
Secretary.

House of Representatives
Passed: 17-MAY-21

By: Senator Barfoot