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4 SYNOPSIS:

5 Under current law, contributions to an Alabama
6 Achieving a Better Life Experience (ABLE) savings
7 account are deductible from taxable income on an
8 Alabama individual income tax return until December 31,
9 2025, when the deduction is sunset.

10 Also, under current law, the Creating Hope and
11 Opportunitiy for Our Students Education (CHOOSE) Act
12 authorizes refundable income tax credits to be
13 deposited into educational savings accounts for the
14 parent of a participating student to pay qualifying
15 expenses to an educational service provider.

16 This bill would extend the Alabama ABLE
17 contribution deduction through December 31, 2030.

18 This bill would make technical changes to the
19 funding provisions for the CHOOSE Act credits and
20 increase the amount of funding.

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23 A BILL
24 TO BE ENTITLED
25 AN ACT

26
27 Relating to income taxes; to amend Sections 16-6J-8,
28 and 40-18-15.8, Code of Alabama 1975, to make technical



29 changes to the funding provisions of the CHOOSE Act credits
30 and increase the amount of funding; and to extend the sunset
31 date for the existing income tax deduction for contributions
32 to an Alabama Achieving a Better Life Experience (ABLE)
33 savings account to December 31, 2030.

34 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

35 Section 1. Sections 16-6J-8, and 40-18-15.8, Code of
36 Alabama 1975, are amended as follows:

37 "§16-6J-8

38 (a) (1) The CHOOSE Act Fund is created in the State
39 Treasury for the purpose of providing funding for the tax
40 credits authorized by this chapter. Notwithstanding any other
41 provisions of law to the contrary, the Legislature shall
42 appropriate not less than one hundred million dollars
43 (\$100,000,000) to this fund ~~beginning with appropriations made~~
44 for the fiscal year ending September 30, 2026, ~~and continuing~~
45 ~~annually thereafter.~~

46 (2) For the fiscal year ending September 30, 2026, the
47 Commissioner of Revenue shall deposit one hundred million
48 dollars (\$100,000,000) of gross income tax receipts into the
49 CHOOSE Act Fund by June 1, 2026. For the fiscal year ending
50 September 30, 2027, and continuing annually thereafter, the
51 Commissioner of Revenue shall deposit an amount of gross
52 income tax receipts into the CHOOSE Act Fund by June 1 of each
53 year for parents of eligible students whose family had an
54 adjustable gross income not exceeding 300 percent of the
55 federal poverty level for the preceding tax year, but not to
56 exceed one hundred fifty million dollars (\$150,000,000).



(2) In future fiscal years, it is the intent of the (3)

The Legislature shall make additional funds available to

~~increase appropriations~~ to the CHOOSE Act Fund if the

Commissioner of Revenue certifies that increased

~~appropriations~~ additional funds are necessary to satisfy

consumer demand for the program based on prior-year

participation in the program as reflected by the

~~expenditure~~ obligation of 90 percent or more of the funds

available in the CHOOSE Act Fund.

(b) Amounts in the CHOOSE Act Fund shall be budgeted

and allotted in accordance with Sections 41-4-80 through

41-4-96 and Sections 41-19-1 through 41-19-12; provided that

neither the CHOOSE Act Fund nor individual ESAs shall be

subject to Section 41-4-90

(c) All funds received by the CHOOSE Act Fund shall

remain in the CHOOSE Act Fund and shall not revert or be

expended for any purpose other than the tax credits authorized

by this chapter; provided that in no circumstances shall more

than five hundred million dollars (\$500,000,000) in assets.

¹ See, for example, the discussion in *International Taxation and the Multinational Enterprise* (1981), pp. 11-12.

CHOOSE: [Basic](#) [Standard](#) [Pro](#) [Enterprise](#) [Custom](#) [Compare](#)

Education Trust Fund to become available for appropriation by



85 of Title 29.

86 (d) It is not the intent of this chapter to make
87 appropriations, but any appropriations required by this
88 chapter shall be from revenue sources available for
89 appropriation under the Constitution of Alabama of 2022
90 notwithstanding any general law to the contrary.

91 "§40-18-15.8

92 (a) An individual taxpayer shall be allowed a deduction
93 from gross income, regardless of whether the taxpayer itemizes
94 income tax deductions in calculating the income tax imposed
95 pursuant to Section 40-18-5, for contributions made to an
96 Alabama Achieving a Better Life Experience (ABLE) savings
97 account, defined in Section 16-33C-3, as prescribed by this
98 section.

99 (b) An individual taxpayer will be allowed to deduct
100 contributions made on or after January 1, 2021 to an Alabama
101 ABLE savings account, by or on behalf of such individual, of
102 an amount up to five thousand dollars (\$5,000) per annum. If
103 the taxpayer makes a nonqualified withdrawal as defined by
104 Section 529A of the Internal Revenue Code (26 U.S.C. 529A),
105 the amount of the nonqualified withdrawal, plus 10 percent of
106 the amount withdrawn, shall be added back to the income of the
107 contributing taxpayer in the year the nonqualified withdrawal
108 was distributed. Rollover amounts transferred to an Alabama
109 ABLE savings account shall not be considered contributions for
110 purposes of this deduction to the extent that an Alabama
111 income tax deduction has already been claimed for the rollover
112 contribution amounts.



113 (c) The Department of Revenue may adopt rules to assist
114 with the administration of this section.

115 (d) The deduction allowed under this section shall not
116 be claimed for tax years that begin after December 31, 2030.
117 ~~Unless extended by an act of the Legislature, this section~~
118 ~~shall sunset on December 31, 2025."~~

119 Section 2. This act shall become effective on June 1,
120 2025.