

HB52 ENROLLED



1 HB52
2 11XXR3Z-2
3 By Representatives Garrett, Almond
4 RFD: Ways and Means Education
5 First Read: 04-Feb-25
6 PFD: 01-Oct-24



HB52 Enrolled

1 Enrolled, An Act,

2
3 Relating to income taxes; to amend Sections 16-6J-8,
4 and 40-18-15.8, Code of Alabama 1975, to make technical
5 changes to the funding provisions of the CHOOSE Act credits
6 and increase the amount of funding; and to extend the sunset
7 date for the existing income tax deduction for contributions
8 to an Alabama Achieving a Better Life Experience (ABLE)
9 savings account to December 31, 2030.

10 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

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

13 "§16-6J-8

14 (a) (1) The CHOOSE Act Fund is created in the State
15 Treasury for the purpose of providing funding for the tax
16 credits authorized by this chapter. Notwithstanding any other
17 provisions of law to the contrary, the Legislature shall
18 appropriate not less than one hundred million dollars
19 (\$100,000,000) to this fund ~~beginning with appropriations made~~
20 ~~for the fiscal year ending September 30, 2026, and continuing~~
21 ~~annually thereafter.~~

22 (2) For the fiscal year ending September 30, 2026, the
23 Commissioner of Revenue shall deposit one hundred million
24 dollars (\$100,000,000) of gross income tax receipts into the
25 CHOOSE Act Fund by June 1, 2026. For the fiscal year ending
26 September 30, 2027, and continuing annually thereafter, the
27 Commissioner of Revenue shall deposit an amount of gross
28 income tax receipts into the CHOOSE Act Fund by June 1 of each



HB52 Enrolled

year for parents of eligible students whose family had an
adjustable gross income not exceeding 300 percent of the
federal poverty level for the preceding tax year, but not to
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 excess,
unused, accumulated funds be allowed to carry over in the
CHOOSE Act Fund. Before the end of each year, the Commissioner
of Revenue shall determine the amount of excess, unused,
accumulated money in the CHOOSE Act Fund. If the amount of
excess, unused, accumulated money in the CHOOSE Act Fund as



HB52 Enrolled

determined by the commissioner exceeds five hundred million dollars (\$500,000,000), the excess shall revert to the Education Trust Fund to become available for appropriation by the Legislature as nonrecurring revenue pursuant to Chapter 9 of Title 29.

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

"§40-18-15.8

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

(b) An individual taxpayer will be allowed to deduct contributions made on or after January 1, 2021 to an Alabama ABLE savings account, by or on behalf of such individual, of an amount up to five thousand dollars (\$5,000) per annum. If the taxpayer makes a nonqualified withdrawal as defined by Section 529A of the Internal Revenue Code (26 U.S.C. 529A), the amount of the nonqualified withdrawal, plus 10 percent of the amount withdrawn, shall be added back to the income of the contributing taxpayer in the year the nonqualified withdrawal was distributed. Rollover amounts transferred to an Alabama



HB52 Enrolled

ABLE savings account shall not be considered contributions for purposes of this deduction to the extent that an Alabama income tax deduction has already been claimed for the rollover contribution amounts.

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

(d) The deduction allowed under this section shall not be claimed for tax years that begin after December 31, 2030.

~~Unless extended by an act of the Legislature, this section shall sunset on December 31, 2025."~~

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



HB52 Enrolled

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Speaker of the House of Representatives

President and Presiding Officer of the Senate

House of Representatives

I hereby certify that the within Act originated in and
was passed by the House 13-Feb-25.

John Treadwell
Clerk

Senate	<hr/> 06-May-25 <hr/>	Amended and Passed
House	<hr/> 06-May-25 <hr/>	Concurred in Senate Amendment