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THE GENERAL ASSEMBLY OF PENNSYLVANIA

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HOUSE BILL

No. 1445 Session of  
2017

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INTRODUCED BY MARSHALL, O'NEILL, A. HARRIS, BARRAR, V. BROWN,  
CHARLTON, DRISCOLL, JAMES, KAUFER, LONGIETTI, B. MILLER,  
D. MILLER, ORTITAY, PASHINSKI, PICKETT, ROTHMAN, ROZZI, RYAN,  
SAMUELSON AND WARD, MAY 24, 2017

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REFERRED TO COMMITTEE ON FINANCE, MAY 24, 2017

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AN ACT

1 Providing for the taxation or the exemption from taxation of  
2 amounts and events relating to the Pennsylvania ABLE Savings  
3 Program.

4 The General Assembly of the Commonwealth of Pennsylvania  
5 hereby enacts as follows:

6 Section 1. Short title.

7 This act shall be known and may be cited as the Pennsylvania  
8 ABLE Savings Program Tax Exemption Act.

9 Section 2. Definitions.

10 The following words and phrases when used in this act shall  
11 have the meanings given to them in this section unless the  
12 context clearly indicates otherwise:

13 "Account." An ABLE savings account as defined in section 102  
14 of the Pennsylvania ABLE Act.

15 "Designated beneficiary." The term shall have the same  
16 meaning as provided in section 102 of the Pennsylvania ABLE Act.

17 "Eligible individual." The term shall have the same meaning

1 as provided in section 102 of the Pennsylvania ABLE Act.

2 "Internal Revenue Code." The Internal Revenue Code of 1986  
3 (Public Law 99-514, 26 U.S.C. § 1 et seq.).

4 "Pennsylvania ABLE Act." The act of April 18, 2016 (P.L.128,  
5 No.17), known as the Pennsylvania ABLE Act.

6 "Pennsylvania ABLE Savings Program." The program established  
7 under the Pennsylvania ABLE Act.

8 "Qualified disability expense." The term shall have the same  
9 meaning as provided in section 102 of the Pennsylvania ABLE Act.

10 "Rollover distribution." The term shall have the same  
11 meaning as provided in section 102 of the Pennsylvania ABLE Act.

12 Section 3. Contributions and distributions.

13 (a) Exemption.--Subject to subsection (b), the following  
14 shall be exempt from all taxation by the Commonwealth and its  
15 political subdivisions:

16 (1) Undistributed earnings on an account.

17 (2) A rollover distribution that is excludable from tax  
18 under section 529A(c) of the Internal Revenue Code.

19 (3) An amount distributed from an account that is  
20 excludable from tax under section 529A(c) of the Internal  
21 Revenue Code.

22 (b) Deduction.--

23 (1) An amount paid as a contribution into an account  
24 shall be deductible from taxable income on the annual  
25 personal income tax return.

26 (2) The amount paid as a contribution to an account  
27 allowable as a deduction under this section shall be subject  
28 to an annual limitation not to exceed the threshold for  
29 exclusion from gifts as provided in section 2503(b) of the  
30 Internal Revenue Code, per designated beneficiary.

1           (3) The deduction shall not result in taxable income  
2           being less than zero.

3           (c) Tax.--An amount that is distributed from an account and  
4 not described as exempt from taxation under this section shall  
5 be taxable under Article III of the act of March 4, 1971 (P.L.6,  
6 No.2), known as the Tax Reform Code of 1971.

7           (d) Change of beneficiary.--A change in designated  
8 beneficiaries under section 529A(c) of the Internal Revenue Code  
9 shall not constitute a taxable event.

10 Section 4. Effective date.

11           This act shall take effect immediately.