

# SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

**BILL NO.** House Bill 1319

**PRINTER NO.** 2219

**AMOUNT**

FY 2015-16 Nominal  
FY 2016-17 \$250,000

**FUND**

General Fund

**DATE INTRODUCED**

June 10, 2015

**PRIME SPONSOR**

Representative Marshall

**DESCRIPTION AND PURPOSE OF BILL**

House Bill 1319 is a freestanding act that would establish the Pennsylvania ABLE Savings Program Tax Exemption Act. The act is companion legislation to legislation that would establish the ABLE Act Savings Program in the Treasury Department to encourage eligible individuals with disabilities to save private funds from which the expenses related to their disabilities may be paid.

The Pennsylvania ABLE Savings Program Tax Exemption Act (“act”) provides that the following shall be exempt from all taxation by the Commonwealth and its political subdivisions:

1. Contributions made to an account.
2. Any increase in the value of a contribution made to an account.
3. Any undistributed earnings on an account.
4. The retention or transfer during life or as a result of death of any legal interest in an account.
5. Any rollover distribution that is excludable from tax under section 529A(c) of the Internal Revenue Code.
6. Payment of qualified disability expenses of eligible individuals from an account.
7. Any amount distributed from an account that is excludable from tax under section 529A(c) of the Internal Revenue Code.

An amount paid as contribution into an account shall be deductible from taxable income on the annual personal income tax return, subject to federal limitations on gifts as provided in the Internal Revenue Code. The deduction shall not result in taxable income being less than zero.

An amount that is distributed from an account which is not described as being exempt from taxation under this act shall be subject to tax under the Pennsylvania personal income tax. A change in designated beneficiaries under section 529A(c) of the Internal Revenue Code shall not constitute a taxable event under the Pennsylvania ABLE Act.

# SENATE APPROPRIATIONS COMMITTEE

## FISCAL NOTE

This act shall take effect immediately.

### **FISCAL IMPACT:**

House Bill 1319 is anticipated to result in nominal costs to the Commonwealth in FY 2015-16 and cost up to \$250,000 in FY 2016-17. The Department of Revenue prepared a fiscal impact analysis using a federal estimate of Federal H.R. 647, which created ABLE accounts under section 529A of the Internal Revenue Code. In addition, the analysis used data from the FY 2016-17 expenditure estimate from PA's TAP program.