
 THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. **1319** Session of
2015

INTRODUCED BY MARSHALL, O'NEILL, STEPHENS, D. MILLER, MURT,
BARRAR, COHEN, D. COSTA, CUTLER, DAVIS, DRISCOLL, GIBBONS,
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YOUNGBLOOD, FREEMAN, DAVIDSON, BRADFORD, WATSON, WARD,
MICCARELLI, BARBIN AND D. PARKER, JUNE 10, 2015

SENATOR EICHELBERGER, FINANCE, IN SENATE, AS AMENDED,
SEPTEMBER 29, 2015

AN ACT

1 ~~Providing for the establishment of a savings program by the~~ <--
2 ~~Treasury Department to encourage eligible individuals with~~
3 ~~disabilities to save private funds from which the expenses~~
4 ~~related to their disabilities may be paid to assist them in~~
5 ~~maintaining health, independence and quality of life.~~

6 PROVIDING FOR THE TAXATION OR THE EXEMPTION FROM TAXATION OF <--
7 AMOUNTS AND EVENTS RELATING TO THE PENNSYLVANIA ABLE SAVINGS
8 PROGRAM.

9 The General Assembly of the Commonwealth of Pennsylvania
10 hereby enacts as follows:

11 ~~Section 1. Short title.~~ <--

12 ~~This act shall be known and may be cited as the Achieving a~~
13 ~~Better Life Experience (ABLE) Act.~~

14 ~~Section 2. Definitions.~~

15 ~~The following words and phrases when used in this act shall~~
16 ~~have the meanings given to them in this section unless the~~
17 ~~context clearly indicates otherwise:~~

1 ~~"ABLE account contract." An agreement between the program~~
2 ~~manager or the department and the account owner.~~

3 ~~"Account." An individual savings account held in trust for a~~
4 ~~designated beneficiary established within the department in~~
5 ~~accordance with this act.~~

6 ~~"Account owner." A person or legal entity permitted to be an~~
7 ~~ABLE account owner under IRC § 529A and who enters into an ABLE~~
8 ~~account contract under this act.~~

9 ~~"Contracting state." A state that has not set up an eligible~~
10 ~~ABLE savings account program and contracts with this~~
11 ~~Commonwealth to manage accounts for the state's residents.~~

12 ~~"Department." The Treasury Department of the Commonwealth.~~

13 ~~"Designated beneficiary." An eligible individual at the time~~
14 ~~the account is established or the eligible individual who~~
15 ~~replaces a designated beneficiary, who is the beneficiary of the~~
16 ~~account and whose qualified expenses may be paid from the~~
17 ~~account.~~

18 ~~"Disability certification." A certification which:~~

19 ~~(1) meets the satisfaction of the Secretary of the~~
20 ~~Treasury of the United States by an eligible individual or~~
21 ~~the eligible individual's parent or guardian that certifies~~
22 ~~that the eligible individual:~~

23 ~~(i) has a medically determinable physical or mental~~
24 ~~impairment that results in marked and severe functional~~
25 ~~limitations and that can be expected to result in death~~
26 ~~or that has lasted or can be expected to last for a~~
27 ~~continuous period of not less than 12 months or is blind;~~
28 ~~and~~

29 ~~(ii) that the blindness or disability occurred~~
30 ~~before the date on which the eligible individual attained~~

1 ~~age 26; and~~

2 ~~(2) is accompanied by a copy of the diagnosis relating~~
3 ~~to the eligible individual's relevant impairment that is~~
4 ~~signed by a physician.~~

5 ~~"Eligible individual." A person who:~~

6 ~~(1) is entitled to Social Security benefits based on~~
7 ~~blindness or disability under Title II of the Social Security~~
8 ~~Act (49 Stat. 620, 42 U.S.C. § 401 et seq.) or Title XVI of~~
9 ~~the Social Security Act (42 U.S.C. § 1381 et seq.) and whose~~
10 ~~blindness or disability occurred before the date on which the~~
11 ~~eligible individual attained age 26; or~~

12 ~~(2) has filed a disability certification with the~~
13 ~~Secretary of the Treasury of the United States for the~~
14 ~~taxable year.~~

15 ~~"Fund." The ABLE Savings Program Fund.~~

16 ~~"IRC § 529A." Section 529A of the Internal Revenue Code of~~
17 ~~1986 (Public Law 99 514, 26 U.S.C. § 529A) and any successor~~
18 ~~legislation. The term includes any regulations or guidance~~
19 ~~issued under section 529A of the Internal Revenue Code of 1986.~~

20 ~~"Management contract." The contract executed by the~~
21 ~~department and a person or legal entity to serve as investment~~
22 ~~managers, program managers and trustees to the department on~~
23 ~~behalf of the program.~~

24 ~~"Nonqualified withdrawal." A withdrawal from an account~~
25 ~~which is not:~~

26 ~~(1) A qualified withdrawal.~~

27 ~~(2) A rollover distribution.~~

28 ~~"Qualified ABLE Program." An ABLE account program~~
29 ~~established and maintained by the Commonwealth or an agency or~~
30 ~~instrumentality of the Commonwealth.~~

1 ~~"Qualified disability expense." An expense relating to an~~
2 ~~eligible individual's blindness or disability that is made for~~
3 ~~the benefit of the eligible individual as designated~~
4 ~~beneficiary. The term shall include but is not limited to each~~
5 ~~qualified expense enumerated in IRC § 529A.~~

6 ~~"Qualified withdrawal." A withdrawal from an account to pay~~
7 ~~the qualified disability expenses of the designated beneficiary~~
8 ~~of the account.~~

9 ~~"Rollover distribution." A rollover distribution as defined~~
10 ~~in IRC § 529A.~~

11 ~~Section 3. ABLE savings program.~~

12 ~~(a) Establishment. The department may establish and~~
13 ~~maintain a qualified ABLE program. The department may enter into~~
14 ~~account agreements to provide accounts for the benefit of~~
15 ~~designated beneficiaries. The qualified ABLE account program~~
16 ~~must provide that:~~

17 ~~(1) Family members and other persons may make~~
18 ~~contributions for a taxable year for the benefit of a~~
19 ~~designated beneficiary to an account that is established to~~
20 ~~help the designated beneficiary to supplement, not supplant,~~
21 ~~the costs of qualified disability expenses without losing~~
22 ~~other sources of income.~~

23 ~~(2) An account shall be only for a designated~~
24 ~~beneficiary who is a resident of this Commonwealth or a~~
25 ~~resident of a contracting state.~~

26 ~~(b) (Reserved).~~

27 ~~(c) Contributions. Contributions to an account may be~~
28 ~~accepted only in cash and if the contribution does not result in~~
29 ~~aggregate contributions to an account from all contributors for~~
30 ~~the taxable year exceeding any limit set forth in IRC § 529A.~~

1 ~~(d) Development and administration. Notwithstanding any~~
2 ~~other provision of law, the department shall develop and~~
3 ~~administer the qualified ABLE program in accordance with IRC §~~
4 ~~529A and this act and in a manner that allows account owners and~~
5 ~~designated beneficiaries to obtain and maintain Federal income~~
6 ~~tax benefits or treatment provided by the Internal Revenue Code~~
7 ~~and exemptions under Federal securities laws.~~

8 ~~(e) Consultants. The department may engage the services of~~
9 ~~consultants, including organizations with experience in services~~
10 ~~for people with disabilities, on a contract basis for rendering~~
11 ~~professional and technical assistance.~~

12 ~~(f) Management contracts. The department may enter into~~
13 ~~management contracts with a legal entity. If the department~~
14 ~~contracts with investment managers, program managers or trustees~~
15 ~~in order to fulfill the objectives of this act, the investment~~
16 ~~managers, program managers and trustees must work with the~~
17 ~~department to create a program, to develop investment portfolios~~
18 ~~and to supervise investments and the investment programs~~
19 ~~selected.~~

20 ~~(g) Fees. The department may charge administrative and~~
21 ~~other qualified ABLE program fees for services rendered under~~
22 ~~this act.~~

23 ~~(h) Other states. The department may contract with other~~
24 ~~states that do not have qualified ABLE account programs to~~
25 ~~provide qualified ABLE account program services to residents of~~
26 ~~the contracting states.~~

27 ~~(i) Rules. The department shall prescribe qualified ABLE~~
28 ~~program rules that the department determines are necessary or~~
29 ~~appropriate to carry out the purposes of this act, including~~
30 ~~rules to:~~

1 ~~(1) Enforce the account limitation per eligible~~
2 ~~individual limit as required in IRC § 529A.~~

3 ~~(2) Provide for the information required to be presented~~
4 ~~to open an account.~~

5 ~~(3) Prevent fraud and abuse with respect to amounts~~
6 ~~claimed as qualified disability expenses.~~

7 ~~(4) Allow for transfers from one account to another~~
8 ~~account.~~

9 ~~(j) Fiduciary. To the extent that Federal law requires an~~
10 ~~eligible individual to be the account owner, the following may~~
11 ~~enter into an ABLE account contract as fiduciary for an eligible~~
12 ~~individual who is a minor or who lacks capacity to enter into an~~
13 ~~ABLE account contract:~~

14 ~~(1) A parent or guardian.~~

15 ~~(2) A person or legal entity designated in writing by~~
16 ~~the parent or guardian.~~

17 ~~(3) A trustee of a trust for which the eligible~~
18 ~~individual is a beneficiary.~~

19 ~~(4) For an eligible individual who is receiving benefits~~
20 ~~based on blindness or disability under Title II of the Social~~
21 ~~Security Act (49 Stat. 620, 42 U.S.C. § 401 et seq.) or Title~~
22 ~~XVI of the Social Security Act (42 U.S.C. § 1381 et seq.),~~
23 ~~the representative payee for the benefits.~~

24 ~~(5) Any other person or entity authorized by IRC § 529A~~
25 ~~to be the person with signature authority over the account.~~

26 ~~Section 4. Interdepartmental cooperation.~~

27 ~~The head of a department, a board, a commission, an agency or~~
28 ~~an instrumentality of the Commonwealth, unless otherwise~~
29 ~~prohibited by law, must assist the department in providing~~
30 ~~information about the program to potential eligible individuals~~

1 ~~and the eligible individual's families.~~

2 ~~Section 5. ABLE Savings Program Fund.~~

3 ~~The department may establish a special fund to be known as~~
4 ~~the ABLE Savings Program Fund. The following shall apply:~~

5 ~~(1) The fund shall consist of:~~

6 ~~(i) All contributions made to accounts of eligible~~
7 ~~individuals under an ABLE account contract and all~~
8 ~~interest, earnings and additions to the accounts.~~

9 ~~(ii) Any fees and charges levied on ABLE accounts to~~
10 ~~cover expenses in administering the program.~~

11 ~~(iii) Any other public or private money appropriated~~
12 ~~or made available to the department for the fund from any~~
13 ~~source and all interest, earning and additions to the~~
14 ~~money.~~

15 ~~(2) All money in the fund, including fees and charges~~
16 ~~levied on an ABLE account to cover the expenses in~~
17 ~~administering the program, contributions and increase in~~
18 ~~value on the money for distribution to or on behalf of~~
19 ~~eligible individuals, is appropriated to the department on a~~
20 ~~continuing basis to carry out the provisions of this act.~~

21 ~~(2.1) The department shall prepare, and through the~~
22 ~~Governor, submit annually to the General Assembly a budget~~
23 ~~covering the operating and administrative expenses of the~~
24 ~~program. Upon approval by the General Assembly in an~~
25 ~~appropriation bill, expenses incurred by the program and the~~
26 ~~department shall be paid from the fees and charges or from~~
27 ~~other funds available.~~

28 ~~(3) The assets of the fund shall be preserved, invested~~
29 ~~and expended solely under and for the purposes of carrying~~
30 ~~out this act.~~

1 ~~(4) The money in the fund shall be invested under~~
2 ~~policies established by the department to provide for an~~
3 ~~appropriate balance of risk, liquidity and return~~
4 ~~commensurate with the management of a prudent investor. The~~
5 ~~department and the department's investment managers, program~~
6 ~~managers and trustees may invest and reinvest the funds in~~
7 ~~any lawful investments.~~

8 Section 6. ~~ABLE accounts.~~

9 ~~(a) ABLE account contract. An ABLE account may be opened~~
10 ~~through a contract entered into by an account owner and the~~
11 ~~department. If the account owner is a fiduciary as enumerated~~
12 ~~under section 3(j), the account owner shall continue to have~~
13 ~~signatory authority over the account until the account owner~~
14 ~~relinquishes the authority.~~

15 ~~(b) Change of designated beneficiary. An account owner may~~
16 ~~change the designated beneficiary named in the ABLE account~~
17 ~~contract to another eligible individual if permitted under IRC §~~
18 ~~529A.~~

19 ~~(c) Reports.—~~

20 ~~(1) The department or the department's investment~~
21 ~~managers, program managers and trustees must make monthly~~
22 ~~reports to designated beneficiaries with respect to~~
23 ~~contributions, distributions, the return of excess~~
24 ~~contributions and any other matters involving the state of a~~
25 ~~designated beneficiary's account.~~

26 ~~(2) On or before September 1, 2017, and each September 1~~
27 ~~thereafter, the department shall issue a report annually to~~
28 ~~the Governor, the chairman and minority chairman of the~~
29 ~~Finance Committee of the Senate, the chairman and minority~~
30 ~~chairman of the Finance Committee of the House of~~

1 ~~Representatives, account owners and designated beneficiaries.~~

2 ~~The report must include the following:~~

3 ~~(i) The qualified ABLE account program's fiscal~~
4 ~~transactions during the preceding fiscal year.~~

5 ~~(ii) The market value of the program as of June 30~~
6 ~~of the preceding fiscal year.~~

7 ~~(iii) The asset allocations of the qualified ABLE~~
8 ~~program expressed in percentages of stocks, fixed income~~
9 ~~securities, cash or other financial assets.~~

10 ~~(iv) The rate of return on the investment of the~~
11 ~~qualified ABLE program assets during the preceding fiscal~~
12 ~~year.~~

13 ~~Section 7. Powers of the department.~~

14 ~~In addition to any other powers granted under this act, the~~
15 ~~department shall have the power to carry out this act,~~
16 ~~including, but not limited to, the power to do any of the~~
17 ~~following:~~

18 ~~(1) Administer the program and the ABLE savings program~~
19 ~~fund.~~

20 ~~(2) Enter into contracts with individuals for the~~
21 ~~creation of an ABLE savings account.~~

22 ~~(3) Pay to an account owner, eligible individual or a~~
23 ~~third party authorized by the account owner, upon receipt of~~
24 ~~appropriate documentation if required by the department,~~
25 ~~funds from the account to pay for the eligible individual's~~
26 ~~qualified disability expenses.~~

27 ~~(4) Contract for goods and services and engage and~~
28 ~~employ personnel, including, but not limited to, the service~~
29 ~~of private consultants, actuaries, managers, legal counsel~~
30 ~~and auditors for rendering professional, managerial and~~

1 ~~technical assistance and advice.~~

2 ~~(5) Solicit and accept gifts, grants, loans and other~~
3 ~~aid from any person, corporation or other entity or from~~
4 ~~Federal, State or local government and participate in any~~
5 ~~Federal, State or local government program that results in~~
6 ~~additional funds being available to pay for the qualified~~
7 ~~disability expense of eligible individuals with ABLE savings~~
8 ~~accounts.~~

9 ~~(6) Charge and collect administrative fees and charges~~
10 ~~in connection with any transaction, including continued~~
11 ~~participation in the ABLE program.~~

12 ~~(7) Close ABLE savings accounts and return any remaining~~
13 ~~funds, minus any fees, to the account owner.~~

14 ~~(8) Contract for insurance, letters of credit and~~
15 ~~collateral agreements.~~

16 ~~(9) Adjust the terms of contracts with account owners.~~

17 ~~(10) Solicit answers from the appropriate Federal~~
18 ~~agencies regarding the application of security or other~~
19 ~~Federal laws to the program.~~

20 ~~(11) Consider means by which contributions into an ABLE~~
21 ~~savings account can be deducted from salary.~~

22 ~~(12) Promulgate regulations.~~

23 ~~(13) Take any other action necessary to carry out the~~
24 ~~purpose of this act and incidental to the duties imposed on~~
25 ~~the Secretary of the Treasury.~~

26 ~~Section 8. Qualified disability expenses.~~

27 ~~Qualified disability expenses shall include but are not~~
28 ~~limited to the following:~~

29 ~~(1) Education.~~

30 ~~(2) Housing.~~

- ~~1 (3) Transportation.~~
- ~~2 (4) Employment training and support.~~
- ~~3 (5) Assistive technology and personal support services.~~
- ~~4 (6) Health, prevention and wellness.~~
- ~~5 (7) Financial management and administrative services.~~
- ~~6 (8) Legal fees.~~
- ~~7 (9) Expenses for oversight and monitoring.~~
- ~~8 (10) Funeral and burial expenses.~~
- ~~9 (11) Other expenses approved by the Secretary of the~~
~~10 Treasury of the United States.~~

~~11 Section 9. Nonqualified withdrawals.~~

~~12 (a) Value received. Upon a full or partial withdrawal of~~
~~13 funds from an ABLE account which are not used for qualified~~
~~14 disability expenses, the account owner or the account owner's~~
~~15 designee must receive the market value of the account for the~~
~~16 amount requested.~~

~~17 (b) Fees. The department may impose fees and charges for~~
~~18 administrative costs on a nonqualified withdrawal or termination~~
~~19 and deduct the fee from the amount otherwise payable.~~

~~20 (c) Involuntary termination. The department may close an~~
~~21 account and return remaining funds in the account as a~~
~~22 nonqualified withdrawal if necessary for compliance with Federal~~
~~23 law, or if the department, in the department's sole discretion,~~
~~24 finds that termination is in the best interest of the program or~~
~~25 the designated beneficiary.~~

~~26 (d) Taxation of nonqualified withdrawals. In the event of a~~
~~27 nonqualified withdrawal, to the extent the amount withdrawn~~
~~28 includes earnings on the contributions, or contributions that~~
~~29 were eligible to be deducted from Pennsylvania income tax for~~
~~30 the tax year in which the contributions were made, the amount of~~

~~1 earnings and deductible contributions shall be subject to
2 taxation as income under the laws of this Commonwealth.~~

~~3 Section 10. Electronic distribution statements.~~

~~4 The department must submit electronically to the Commissioner
5 of Social Security, in the manner specified by the Commissioner
6 of Social Security, statements on relevant distributions and
7 account balances from each account.~~

~~8 Section 11. Exemption from securities law.~~

~~9 The program and accounts shall be exempt from any statute
10 regulating securities.~~

~~11 Section 12. Treatment of ABLE accounts.~~

~~12 (a) Levy, execution and security for loans. An ABLE account
13 shall not be subject to attachment, levy or execution by any
14 creditor of a contributor, account owner, or designated
15 beneficiary and shall not be used as security for a loan.~~

~~16 (b) Disability or health benefits. Any amount contributed
17 to an account and any increase in the value of the account may
18 not be used in calculating personal assets of a designated
19 beneficiary or an account owner in order to determine
20 eligibility for disability, medical assistance or other health
21 benefits conferred by the Commonwealth.~~

~~22 (c) Student aid. Any amount contributed under an ABLE
23 account contract and any increase in the value of the account
24 may not be used in calculating personal asset contributions for
25 determining eligibility and need for student loan programs,
26 student grant programs or other student aid programs
27 administered by an agency of the Commonwealth, except as
28 otherwise may be provided by Federal law.~~

~~29 Section 13. Commonwealth as creditor of accounts.~~

~~30 Subject to any outstanding payments due for qualified~~

~~1 disability expense and on the death of the designated
2 beneficiary, each amount remaining in a designated beneficiary's
3 account not in excess of the amount equal to the total medical
4 assistance paid for the designated beneficiary after the
5 establishment of the account, net of any premiums paid from the
6 account or paid by or on behalf of the designated beneficiary to
7 a Medicaid buy in program under the State Medicaid plan
8 established under Title XIX of the Social Security Act, shall be
9 distributed to the Commonwealth upon the filing of a claim for
10 payment by the Commonwealth. For the purpose of this section,
11 the Commonwealth shall be a creditor of an account and not a
12 beneficiary.~~

~~13 Section 14. Tax exemptions.~~

~~14 (a) Property of the program. The property of the ABLE
15 savings program and the earnings from the program shall be
16 exempt from all taxation by the Commonwealth and the political
17 subdivisions of the Commonwealth.~~

~~18 (b) Contributions. Contributions made to an account, any
19 increase in the value of the contribution, the retention, or
20 transfer during life or as a result of death of any legal
21 interest in an account and payment of qualified disability
22 expenses of eligible individuals from an account shall be exempt
23 from all taxation by the Commonwealth and political subdivisions
24 of the Commonwealth.~~

~~25 Section 15. Limitation.~~

~~26 An obligation or debt under this act shall not be deemed an
27 obligation or debt of the Commonwealth and the Commonwealth
28 shall not be liable to pay principal and interest on an
29 obligation or to offset a loss of principal and interest
30 earnings on investments made by the department under this act.~~

1 ~~Section 16. Effective date.~~

2 ~~This act shall take effect immediately.~~

3 SECTION 1. SHORT TITLE. <--

4 THIS ACT SHALL BE KNOWN AND MAY BE CITED AS THE PENNSYLVANIA
5 ABLE SAVINGS PROGRAM TAX EXEMPTION ACT.

6 SECTION 2. DEFINITIONS.

7 THE FOLLOWING WORDS AND PHRASES WHEN USED IN THIS ACT SHALL
8 HAVE THE MEANINGS GIVEN TO THEM IN THIS SECTION UNLESS THE
9 CONTEXT CLEARLY INDICATES OTHERWISE:

10 "ACCOUNT." AN ABLE SAVINGS ACCOUNT AS DEFINED IN SECTION 102
11 OF THE PENNSYLVANIA ABLE ACT.

12 "DESIGNATED BENEFICIARY." THE TERM SHALL HAVE THE SAME
13 MEANING AS PROVIDED IN SECTION 102 OF THE PENNSYLVANIA ABLE ACT.

14 "ELIGIBLE INDIVIDUAL." THE TERM SHALL HAVE THE SAME MEANING
15 AS PROVIDED IN SECTION 102 OF THE PENNSYLVANIA ABLE ACT.

16 "INTERNAL REVENUE CODE." THE INTERNAL REVENUE CODE OF 1986
17 (PUBLIC LAW 99-514, 26 U.S.C. § 1 ET SEQ.).

18 "PENNSYLVANIA ABLE ACT." THE ACT OF , 2015 (P.L. ,
19 NO.), KNOWN AS THE PENNSYLVANIA ABLE ACT.

20 "PENNSYLVANIA ABLE SAVINGS PROGRAM." THE PROGRAM ESTABLISHED
21 PURSUANT TO THE PENNSYLVANIA ABLE ACT.

22 "QUALIFIED DISABILITY EXPENSE." THE TERM SHALL HAVE THE SAME
23 MEANING AS PROVIDED IN SECTION 102 OF THE PENNSYLVANIA ABLE ACT.

24 "ROLLOVER DISTRIBUTION." THE TERM SHALL HAVE THE SAME
25 MEANING AS PROVIDED IN SECTION 102 OF THE PENNSYLVANIA ABLE ACT.

26 SECTION 3. CONTRIBUTIONS AND DISTRIBUTIONS.

27 (A) EXEMPTION.--SUBJECT TO SUBSECTION (B), THE FOLLOWING
28 SHALL BE EXEMPT FROM ALL TAXATION BY THE COMMONWEALTH AND ITS
29 POLITICAL SUBDIVISIONS:

30 (1) CONTRIBUTIONS MADE TO AN ACCOUNT.

1 (2) ANY INCREASE IN THE VALUE OF A CONTRIBUTION MADE TO
2 AN ACCOUNT.

3 (3) ANY UNDISTRIBUTED EARNINGS ON AN ACCOUNT.

4 (4) THE RETENTION OR TRANSFER DURING LIFE OR AS A RESULT
5 OF DEATH OF ANY LEGAL INTEREST IN AN ACCOUNT.

6 (5) ANY ROLLOVER DISTRIBUTION THAT IS EXCLUDABLE FROM
7 TAX UNDER SECTION 529A(C) OF THE INTERNAL REVENUE CODE.

8 (6) PAYMENT OF QUALIFIED DISABILITY EXPENSES OF ELIGIBLE
9 INDIVIDUALS FROM AN ACCOUNT.

10 (7) ANY AMOUNT DISTRIBUTED FROM AN ACCOUNT THAT IS
11 EXCLUDABLE FROM TAX UNDER SECTION 529A(C) OF THE INTERNAL
12 REVENUE CODE.

13 (B) DEDUCTION.--AN AMOUNT PAID AS A CONTRIBUTION INTO AN
14 ACCOUNT SHALL BE DEDUCTIBLE FROM TAXABLE INCOME ON THE ANNUAL
15 PERSONAL INCOME TAX RETURN. THE AMOUNT PAID AS A CONTRIBUTION TO
16 AN ACCOUNT ALLOWABLE AS A DEDUCTION UNDER THIS SECTION SHALL BE
17 SUBJECT TO AN ANNUAL LIMITATION NOT TO EXCEED THE THRESHOLD FOR
18 EXCLUSION FROM GIFTS AS PROVIDED IN SECTION 2503(B) OF THE
19 INTERNAL REVENUE CODE, PER DESIGNATED BENEFICIARY. THE DEDUCTION
20 SHALL NOT RESULT IN TAXABLE INCOME BEING LESS THAN ZERO.

21 (C) TAX.--AN AMOUNT THAT IS DISTRIBUTED FROM AN ACCOUNT AND
22 NOT DESCRIBED AS EXEMPT FROM TAXATION UNDER THIS SECTION SHALL
23 BE TAXABLE UNDER ARTICLE III OF THE ACT OF MARCH 4, 1971 (P.L.6,
24 NO.2), KNOWN AS THE TAX REFORM CODE OF 1971.

25 SECTION 4. CHANGE OF BENEFICIARY.

26 A CHANGE IN DESIGNATED BENEFICIARIES UNDER SECTION 529A(C) OF
27 THE INTERNAL REVENUE CODE SHALL NOT CONSTITUTE A TAXABLE EVENT
28 UNDER THE PENNSYLVANIA ABLE ACT.

29 SECTION 5. EFFECTIVE DATE.

30 THIS ACT SHALL TAKE EFFECT IMMEDIATELY.