
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 677 Session of
2017

INTRODUCED BY BAKER, LANGERHOLC, TARTAGLIONE, STEFANO, FONTANA,
MARTIN, AUMENT, VULAKOVICH, BARTOLOTTA, RAFFERTY, YUDICHAK,
SCHWANK AND HUGHES, MAY 5, 2017

REFERRED TO FINANCE, MAY 5, 2017

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

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

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

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

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

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

11 Section 3. Contributions and distributions.

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

15 (1) Undistributed earnings on an account.

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

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

21 (b) Deduction.--

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

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

30 (3) The deduction shall not result in taxable income

1 being less than zero.

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

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

9 Section 4. Effective date.

10 This act shall take effect immediately.