
OCTOBER 1, 2024

**AGENDA ITEM 5
ACTION ITEM**

CALIFORNIA ABLE ACT BOARD

Resolution No. 2024-05: Resolution in support of the federal Ensuring Nationwide Access to a Better Life Experience (ENABLE) Act (S. 4539) to permanently extend key federal tax provisions for the benefit of the California ABLE Act Program (CalABLE)

Action Recommended

Adopt Resolution No. 2024-05 approving the California ABLE Act Board's Support for the ENABLE Act.

Background

The United States Senate introduced the ENABLE Act (S. 4539) in June 2024. Once passed, this legislation will amend the Internal Revenue Code with respect to qualified ABLE programs by striking out the expiration date for the ABLE to Work, ABLE Saver's Credit, and 529 to ABLE rollover provisions. Currently, these three key tax provisions are set to expire at the end of 2025.

ABLE to Work allows eligible employed account owners to contribute above the annual contribution limit. In Q2 2024, CalABLE account owners conducted 876 ABLE to Work transactions, totaling \$523,648 in contributions. The ABLE Saver's Credit allows eligible account owners to receive a saver's credit of up to \$1,000 on their federal tax return. 529 to ABLE rollovers allow account owners to rollover a 529 college savings plan to an ABLE account, up to the annual contribution limit. In Q2 2024, CalABLE account owners conducted 56 529 rollover transactions, totaling \$869,991 in contributions.

The California ABLE Act gives the Board broad authority to act as necessary to effectuate the California ABLE Act. These actions may include participation in the advancement of federal, state, or local governmental programs for the benefit of the CalABLE Program Trust. The ENABLE Act will greatly benefit the California Program Trust by allowing account owners to maximize their savings, thereby increasing the Program's assets under management and overall sustainability.

Presenter

Thomas Martin, Executive Director, California ABLE Act Board

Attachments

- Attachment #1 – Resolution No. 2024-05
- Attachment #2 – Current Bill Text
- Attachment #3 – Federal Law as Edited by the Bill

Attachment 1
Resolution No. 2024-05

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RESOLUTION NO. 2024-05

RESOLUTION IN SUPPORT OF THE FEDERAL ENSURING NATIONWIDE ACCESS TO A BETTER LIFE EXPERIENCE (ENABLE) ACT (S. 4539/H.R. 9614) TO PERMANENTLY EXTEND KEY FEDERAL TAX PROVISIONS FOR THE BENEFIT OF THE CALIFORNIA ABLE ACT PROGRAM (CaABLE)

WHEREAS, the California ABLE Act Board (the “Board”), pursuant to Section 4877(c)(8) of the Welfare and Institutions Code (the “Code”), has the authority to take any action reasonably necessary to effectuate the objectives of the California ABLE Act;

WHEREAS, the Board, pursuant to Section 4877(c)(10) of the Code, also has the authority to participate in any federal, state, or local governmental program for the benefit of the CaABLE Program Trust (“Program”);

WHEREAS, under the Internal Revenue Code of 1986, the ABLE to Work, ABLE Saver’s Credit, and 529 to ABLE rollover provisions are set to expire at the end of 2025;

WHEREAS, the federal Ensuring Nationwide Access to a Better Life Experience (ENABLE) Act (S. 4539/H.R. 9614) seeks to permanently extend those three key provisions;

WHEREAS, passage of the ENABLE Act is critical to furthering the objectives of the California ABLE Act by maintaining the Program and its impact on Californians with disabilities; and

WHEREAS, passage of the ENABLE Act will also benefit the CaABLE Program Trust by increasing the Program’s assets and overall sustainability.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby proclaims its support for the ENABLE Act and publicly declares that passage of the ENABLE Act will significantly advance equality and independence for people with disabilities.

BE IT FURTHER RESOLVED that the Executive Director may take additional action to promote passage of the ENABLE Act, or any other legislation with substantially the same amendments, and authorizes the Executive Director to consult with the Board Chairperson on any formal Board position if the Act is amended and there is insufficient time to seek Board consideration of the amended bill, in light of the Act’s significant benefit to the Program and the disability community at large.

Attest: _____
Chairperson

Date of Adoption: October 1, 2024

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Attachment 2
Current Bill Text

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118TH CONGRESS
2D SESSION

S. 4539

To amend the Internal Revenue Code of 1986 to make certain provisions with respect to qualified ABLE programs permanent.

IN THE SENATE OF THE UNITED STATES

JUNE 13, 2024

Mr. SCHMITT (for himself, Mr. CASEY, Mr. BOOZMAN, Mr. VAN HOLLEN, Mr. COTTON, Mr. WELCH, Mr. TUBERVILLE, Mr. KAINE, Mrs. BRITT, Ms. KLOBUCHAR, Mr. MULLIN, and Mr. WYDEN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to make certain provisions with respect to qualified ABLE programs permanent.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Ensuring Nationwide
5 Access to a Better Life Experience Act” or the “ENABLE
6 Act”.

1 **SEC. 2. PERMANENT EXTENSION OF INCREASED CON-**
2 **TRIBUTIONS TO ABLE ACCOUNTS.**

3 (a) IN GENERAL.—Section 529A(b)(2)(B)(ii) of the
4 Internal Revenue Code of 1986 is amended by striking
5 “before January 1, 2026”.

6 (b) ALLOWANCE OF SAVERS CREDIT.—Section
7 25B(d)(1) of the Internal Revenue Code of 1986, as
8 amended by section 103(e)(1) of the SECURE 2.0 Act
9 of 2022, is amended by striking “before January 1,
10 2026,”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to taxable years beginning after
13 the date of the enactment of this Act.

14 **SEC. 3. PERMANENT EXTENSION OF ROLLOVERS TO ABLE**
15 **PROGRAMS FROM 529 PROGRAMS.**

16 (a) IN GENERAL.—Section 529(c)(3)(C)(i)(III) of
17 the Internal Revenue Code of 1986 is amended by striking
18 “before January 1, 2026,”.

19 (b) EFFECTIVE DATE.—The amendment made by
20 this section shall apply to distributions made after the
21 date of the enactment of this Act.

○

Attachment 3
Federal Law as Edited by the Bill

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S. 4539 ENABLE Act
Proposed Changes to Federal Law – 26 USC 25B

§25B. Elective deferrals and IRA contributions by certain individuals

(a) Allowance of credit

In the case of an eligible individual, there shall be allowed as a credit against the tax imposed by this subtitle for the taxable year an amount equal to the applicable percentage of so much of the qualified retirement savings contributions of the eligible individual for the taxable year as do not exceed \$2,000.

...

(d) Qualified retirement savings contributions

For purposes of this section-

(1) In general

The term "qualified retirement savings contributions" means, with respect to any taxable year, the sum of-

(A) the amount of the qualified retirement contributions (as defined in section 219(e)) made by the eligible individual,

(B) the amount of-

(i) any elective deferrals (as defined in section 402(g)(3)) of such individual, and

(ii) any elective deferral of compensation by such individual under an eligible deferred compensation plan (as defined in section 457(b)) of an eligible employer described in section 457(e)(1)(A),

(C) the amount of voluntary employee contributions by such individual to any qualified retirement plan (as defined in section 4974(c)), and

(D) the amount of contributions made ~~before January 1, 2026~~, by such individual to the ABLE account (within the meaning of section 529A) of which such individual is the designated beneficiary.

S. 4539 ENABLE Act
Proposed Changes to Federal Law – 26 USC 529A

§529A. Qualified ABLE programs

(a) General rule

A qualified ABLE program shall be exempt from taxation under this subtitle. Notwithstanding the preceding sentence, such program shall be subject to the taxes imposed by section 511 (relating to imposition of tax on unrelated business income of charitable organizations).

(b) Qualified ABLE program

For purposes of this section-

...

(2) Cash contributions

A program shall not be treated as a qualified ABLE program unless it provides that no contribution will be accepted-

(A) unless it is in cash, or

(B) except in the case of contributions under subsection (c)(1)(C), if such contribution to an ABLE account would result in aggregate contributions from all contributors to the ABLE account for the taxable year exceeding the sum of-

(i) the amount in effect under section 2503(b) for the calendar year in which the taxable year begins, plus

(ii) in the case of any contribution by a designated beneficiary described in paragraph (7) ~~before January 1, 2026~~, the lesser of-

(I) compensation (as defined by section 219(f)(1)) includible in the designated beneficiary's gross income for the taxable year, or

(II) an amount equal to the poverty line for a one-person household, as determined for the calendar year preceding the calendar year in which the taxable year begins.

S. 4539 ENABLE Act
Proposed Changes to Federal Law – 26 USC 529

§529. Qualified tuition programs

(a) General rule

A qualified tuition program shall be exempt from taxation under this subtitle. Notwithstanding the preceding sentence, such program shall be subject to the taxes imposed by section 511 (relating to imposition of tax on unrelated business income of charitable organizations).

...

(c) (3) Distributions

(A) In general

Any distribution under a qualified tuition program shall be includible in the gross income of the distributee in the manner as provided under section 72 to the extent not excluded from gross income under any other provision of this chapter.

...

(C) Change in beneficiaries or programs

(i) Rollovers

Subparagraph (A) shall not apply to that portion of any distribution which, within 60 days of such distribution, is transferred-

(I) to another qualified tuition program for the benefit of the designated beneficiary,

(II) to the credit of another designated beneficiary under a qualified tuition program who is a member of the family of the designated beneficiary with respect to which the distribution was made, or

(III) ~~before January 1, 2026,~~ to an ABLÉ account (as defined in section 529A(e)(6)) of the designated beneficiary or a member of the family of the designated beneficiary.

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