



STATE OF DELAWARE
STATE COUNCIL FOR PERSONS WITH DISABILITIES
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The Honorable John Carney
Governor

John A. McNeal
Director

MEMORANDUM

DATE: January 28, 2020

TO: All Members of the Delaware State Senate
and House of Representatives

FROM: Mr. J. Todd Webb, ^{TW}Chairperson
State Council for Persons with Disabilities

RE: H.B. 259 (College Savings and "Able" Savings Accounts)

The State Council for Persons with Disabilities (SCPD) has reviewed H.B. 259, which allows Delaware residents two new deductions from personal income tax. The first is a deduction of up to \$2,500 from taxable income for contributions to a "529" College Savings Plan. The second is a deduction from taxable income up to \$5,000 for contributions to a qualified ABLE program, also known as a "529A" Savings Account. The proposed legislation allows a Delaware resident taxpayer to be eligible for the deductions regardless of whether the contribution was to a 529 or 529A plan sponsored by the State or another state or institution, as long as the plans meet the federal criterion. SCPD has the following observations.

26 U.S.C. § 529A defines qualified ABLE program. In general, ABLE Accounts, which are tax-advantaged savings accounts for individuals with disabilities and their families, were created as a result of the passage of the Stephen Beck Jr. Achieving a Better Life Experience Act of 2014 or better known as the ABLE Act. The beneficiary of the account is the account owner and income earned by the accounts will not be taxed. Contributions to the account, which can be made by any person (the account beneficiary, family, friends Special Needs Trust or Pooled Trust), must be made using post-taxed dollars and will not be tax deductible for purposes of federal taxes." An ABLE account will, with private savings, "secure funding for disability-related expenses on behalf of designated beneficiaries with disabilities that will supplement, but not supplant, benefits provided through private insurance, Medicaid, SSI, the beneficiary's employment and other sources."

Currently, the State of Delaware does not provide any income tax deduction for ABLE Accounts, while 13 other states do provide a deduction (including Delaware's sister states of Maryland and Pennsylvania).

SCPD endorses the proposed legislation because it would provide more incentive to Delaware taxpayers to create ABLE Accounts which would be beneficial to Delawareans with disabilities.

Thank you for your consideration and please contact SCPD if you have any questions or comments regarding our observations or position on the proposed legislation.

cc: Ms. Laura Waterland, Esq.
Governor's Advisory Council for Exceptional Citizens
Developmental Disabilities Council

HB 259- college savings and able savings accounts 1-28-2020