

# **AB 2039 – TAX DEDUCTION – CALABLE SAVINGS ACCOUNTS**

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**Assemblyman Vince Fong**

## **IN BRIEF**

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AB 2039 provides a state tax deduction to individuals who contribute to CalABLE savings accounts benefiting individuals with disabilities.

## **BACKGROUND & ISSUE**

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In 2014, Congress passed the Achieving a Better Life Experience Act (ABLE), enabling individuals with disabilities and their families to open tax-advantaged savings accounts. The accounts may be used for essential needs such as medical treatment, transportation, and housing. To be eligible for an ABLE account, a person must have had a disability before the age of 26.

Prior to its passage, individuals with disabilities were limited to \$2,000 in savings. Anything over this amount could result in loss of eligibility for federal assistance programs. The passage of ABLE recognized the challenges of living with a disability and the associated costs by giving individuals with disabilities a better chance at financial independence without being penalized.

Each state operates its own ABLE program, and states are permitted to enroll out-of-state residents. As a result, Californians have already opened accounts in other states, including in states that offer tax benefits for eligible contributions.

## **THE SOLUTION**

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California's program, CalABLE, is scheduled to begin accepting enrollees in 2018. It is critical that we offer incentives so that California residents and out of state residents can confidently contribute to the well-being of one of our most vulnerable populations.

AB 2039 will grant Californians who contribute to CalABLE savings account a state tax deduction for the full amount of their contribution to an eligible account.

AB 2039 is aimed at helping people with disabilities and their families prepare for the future. The contributions to these accounts are an important step in giving people with disabilities a chance at independence.

## **SUPPORT**

None on file

## **OPPOSITION**

None on file

## **FOR MORE INFORMATION**

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