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HOUSE OF REPRESENTATIVES
151st GENERAL ASSEMBLY

HOUSE BILL NO. 145

AN ACT TO AMEND TITLE 30 OF THE DELAWARE CODE RELATING TO COLLEGE SAVINGS AND “ABLE” SAVINGS ACCOUNTS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

1 Section 1. Amend § 1106, Title 30 of the Delaware Code by making deletions as shown by strike through and
2 insertions as shown by underline as follows:

3 § 1106. Modifications

4 (b) Subtractions. — There shall be subtracted from federal adjusted gross income:

5 (10) Any amount, up to a limit of \$1,000, contributed during the taxable year to an account in a Delaware-
6 sponsored qualified tuition program, as that term is defined under 26 U.S.C. § 529; provided, however, that no
7 deduction shall be permitted under this subsection for any amount contributed through a transfer or rollover from
8 another account authorized under 26 U.S.C. §§ 529 or 529A, or for a change in beneficiary of any such account.

9 (11) Any amount, up to a limit of \$5,000, contributed during the taxable year to an account in a qualified
10 ABLE program, as the term is defined under 26 U.S.C. § 529A; provided, however, that no deduction shall be
11 permitted under this subsection for any amount contributed through a transfer or rollover from another account
12 authorized under 26 U.S.C. §§ 529 or 529A, or for a change in beneficiary of any such account.

13 Section 2. This Act takes effect on the date of the last of the following to occur:

14 (1) The Division of Revenue has implemented the personal income tax release of the Integrated Revenue
15 Administration System.

16 (2) The Secretary of Finance provides a written notice to the Registrar of Regulations that the contingency in
17 paragraph (1) of this section has been fulfilled.

SYNOPSIS

This Act will allow Delaware residents two new deductions from personal income tax. The first is a deduction from taxable income of up to \$1,000 for contributions to an account in a Delaware-sponsored qualified tuition program, as that term is defined under 26 U.S.C. § 529 (a “529” College Savings Plan). The second is a deduction from taxable income of up to \$5,000 for contributions to an account in a Delaware-sponsored ABLE program, as that term is defined under 26 U.S.C. § 529A (a “529A” Savings Account - a special account for meeting the needs of certain individuals with

disabilities). The 529 and 529A deduction is only applicable to the Delaware-sponsored plan. A transfer or rollover from another account authorized under 26 U.S.C. §§ 529 and 529A or for a change in beneficiary of any such account does not qualify for the deduction.

This Act takes effect on the date the Secretary of Finance provides written notice to the Registrar of Regulations that the Division of Revenue has implemented the personal income tax release of the Internal Revenue Administration System.