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AB-1076 Qualified ABLE Program: CalABLE accounts: funding. (2025-2026)

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Assembly Bill No. 1076

CHAPTER 722

An act to amend Section 19304 of the Revenue and Taxation Code, and to amend Section 4877 of the Welfare and Institutions Code, relating to Qualified ABLE Program, and making an appropriation therefor.

[Approved by Governor October 13, 2025. Filed with Secretary of State October 13, 2025.]

LEGISLATIVE COUNSEL'S DIGEST

AB 1076, Addis. Qualified ABLE Program: CalABLE accounts: funding.

(1) Existing federal law, the Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014 (ABLE Act), encourages and assists individuals and families to save private funds for the purpose of supporting eligible individuals with disabilities to maintain their health, independence, and quality of life by excluding from gross income distributions used for qualified disability expenses by a beneficiary of a Qualified ABLE Program established and maintained by a state, as specified.

Existing law establishes the Qualified ABLE Program for purposes of implementing the federal ABLE Act in this state, and creates the California ABLE Program Trust with the purposes, powers, and duties of the trust to be vested in and exercised by the California ABLE Act Board. Existing law requires the board to segregate the moneys coming into the ABLE program trust into 2 funds: the program fund, which is continuously appropriated, for specified purposes of the act, and the administrative fund, which is available upon appropriation by the Legislature for administration of the act. Existing law requires all moneys paid by designated beneficiaries or eligible individuals in connection with ABLE accounts to be deposited, as received, into the program fund, promptly invested, and accounted for separately. Existing law grants the board the power to accept grants, gifts, appropriations, and other moneys from any unit of federal, state, or local government, among other specified entities, for deposit to specified funds.

This bill would authorize the California ABLE Act Board to additionally accept grants, gifts, legislative appropriations, and other moneys from a philanthropic entity, and would specify that the program can receive legislative appropriations. The bill would authorize the board to target specific subgroups of eligible individuals, as specified, and would authorize the board to use those moneys received to encourage eligible individuals to create an ABLE account or maximize account participation by engaging public awareness about the program. By authorizing new uses of moneys in a continuously appropriated fund, the bill would make an appropriation.

(2) Existing law requires the Franchise Tax Board to include, on a taxpayer's form instructions for filing a return, information about the ability of a taxpayer to directly deposit a portion of their refund into the Golden State Scholarshare College Savings Trust, as specified.

This bill would additionally require the Franchise Tax Board to include, on a taxpayer's form instructions for filing a return, information about the ability of a taxpayer to directly deposit a portion of their refund into the California ABLE Program Trust.

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. Section 19304 of the Revenue and Taxation Code is amended to read:

19304. (a) The Franchise Tax Board shall revise taxpayer form instructions, for returns required to be filed, pursuant to Article 1 (commencing with Section 18501) of Chapter 2, to include information about the ability of a taxpayer to directly deposit a portion of the refund into the Golden State Scholarshare College Savings Trust or into the California ABLE Program Trust.

(b) The Scholarshare Investment Board shall provide the Franchise Tax Board with a description of the Golden State Scholarshare College Savings Trust on or before a specified date provided by the Franchise Tax Board. The length of the description shall be five lines or less.

(c) The California ABLE Act Board shall provide the Franchise Tax Board with a description of the California ABLE Program Trust on or before a specified date provided by the Franchise Tax Board. The length of the description shall be five lines or less.

(d) The Franchise Tax Board shall revise the taxpayer form instructions in the most cost-effective manner.

(e) For purposes of this section, "Golden State Scholarshare College Savings Trust" has the meaning set forth in subdivision (e) of Section 69980 of the Education Code.

(f) For purposes of this section, "California ABLE Program Trust" has the meaning set forth in Section 4875 of the Welfare and Institutions Code.

SEC. 2. Section 4877 of the Welfare and Institutions Code is amended to read:

4877. (a) There is hereby created an instrumentality of the State of California to be known as the California ABLE Program Trust.

(b) The purposes, powers, and duties of the California ABLE Program Trust are vested in, and shall be exercised by, the board.

(c) The board, in the capacity of trustee, shall have the power and authority to do all of the following:

(1) Sue and be sued.

(2) (A) Make and enter into contracts necessary for the administration of the ABLE program trust, and engage personnel, including consultants, actuaries, managers, counsel, and auditors, as necessary for the purpose of rendering professional, managerial, and technical assistance and advice.

(B) Subdivision (a) of Section 10365.5 of the Public Contract Code shall not apply to a contract with a program consultant for the Qualified ABLE Program. Any contract with a program consultant for the Qualified ABLE Program that would have been prohibited by that subdivision shall be publicly disclosed in a manner specified by the board prior to entering into the contract.

(3) Adopt a corporate seal and change and amend it from time to time.

(4) Cause moneys in the program fund to be held and invested and reinvested.

(5) (A) Accept any grants, gifts, legislative appropriations, and other moneys from any unit of federal, state, or local government or any other person, firm, partnership, philanthropic entity, or corporation for deposit to the administrative fund or the program fund.

(B) The board may also target specific subgroups of eligible individuals, as described in paragraph (C), provided that they are not limited in such a way that would conflict with the intent of the Legislature in establishing the program or other applicable law.

(C) Grants, gifts, legislative appropriations, and other moneys may be used, to the extent permitted under federal and state law, to encourage eligible individuals to create an account or maximize account participation by engaging public awareness about the program. The board may partner with other public, private, or nonprofit entities to facilitate or administer such moneys.

(6) Enter into agreements with designated beneficiaries or eligible individuals to establish and maintain an ABLE account.

(7) Make provisions for the payment of costs of administration and operation of the ABLE program trust.

(8) Carry out the duties and obligations of the ABLE program trust pursuant to this chapter and the federal ABLE Act pursuant to Section 529A of the Internal Revenue Code and federal regulations issued pursuant to that code, and have any other powers as may be reasonably necessary for the effectuation of the purposes, objectives, and provisions of this chapter.

(9) Carry out studies and projections in order to advise designated beneficiaries or eligible individuals regarding present and estimated future qualified disability expenses and the levels of financial participation in the ABLE program trust required in order to assist designated beneficiaries or eligible individuals.

(10) Participate in any other way in any federal, state, or local governmental program for the benefit of the ABLE program trust.

(11) Promulgate, impose, and collect administrative fees and charges in connection with transactions of the ABLE program trust, and provide for reasonable service charges, including penalties for cancellations.

(12) Set minimum and maximum investment levels.

(13) Administer the funds of the ABLE program trust.

(14) Procure insurance against any loss in connection with the property, assets, or activities of the ABLE program trust.

(15) Procure insurance indemnifying any member of the board from personal loss or liability resulting from a member's action or inaction as a member of the board.

(d) The Treasurer shall, on behalf of the board, appoint an executive director, who shall not be a member of the board and who shall serve at the pleasure of the board. The Treasurer shall determine the duties of the executive director and other staff as necessary and set their compensation. The board may authorize the executive director to enter into contracts on behalf of the board or conduct any business necessary for the efficient operation of the board.