

118TH CONGRESS
1ST SESSION

S. 2522

To amend the Internal Revenue Code of 1986 to provide matching payments for ABLE account contributions by certain individuals, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 26, 2023

Mr. CASEY (for himself, Mr. WYDEN, Ms. KLOBUCHAR, Mr. SANDERS, and Ms. DUCKWORTH) 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 provide matching payments for ABLE account contributions by certain individuals, and for other purposes.

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 “ABLE MATCH (Mak-
5 ing Able a Tool to Combat Hardship) Act”.

6 **SEC. 2. FINDINGS.**

7 Congress finds the following:

1 (1) People with disabilities are more than twice
2 as likely to live in poverty than people without dis-
3 abilities.

4 (2) Households containing an adult with a dis-
5 ability that limits their ability to work requires, on
6 average, 28 percent more income to obtain the same
7 standard of living as similar households without a
8 member with a disability.

9 (3) The average income of households that in-
10 clude any working-age people with disabilities is
11 \$27,500 less than the average household income of
12 people without disabilities.

13 (4) The Stephen Beck, Jr., Achieving a Better
14 Life Experience Act of 2014 provided for qualified
15 ABLE programs, which provided eligible people with
16 disabilities the opportunity to open tax-advantaged
17 savings accounts without the risk of losing the bene-
18 fits they need to participate in society.

19 (5) As of March 2023, there were 144,068
20 ABLE accounts open in the United States with an
21 average balance of \$9,715.

22 **SEC. 3. PURPOSES.**

23 The purposes of this Act are—

1 (1) to encourage and assist individuals with dis-
 2 abilities with fewer resources to save using ABLE
 3 accounts;

4 (2) to increase uptake and continued utilization
 5 of ABLE accounts by people with disabilities, espe-
 6 cially those individuals receiving benefits under the
 7 Medicaid program established under title XIX of the
 8 Social Security Act and the program for supple-
 9 mental security income benefits established under
 10 title XVI of such Act; and

11 (3) to provide for a Federal match for new and
 12 existing ABLE accounts held by individuals with an
 13 annual income less than 200 percent of the Federal
 14 poverty limit.

15 **SEC. 4. MATCHING PAYMENTS FOR ABLE ACCOUNT CON-**
 16 **TRIBUTIONS BY CERTAIN INDIVIDUALS.**

17 (a) IN GENERAL.—Subchapter B of chapter 65 of the
 18 Internal Revenue Code of 1986 is amended by adding at
 19 the end the following new section:

20 **“SEC. 6434. MATCHING PAYMENTS FOR ABLE ACCOUNT**
 21 **CONTRIBUTIONS BY CERTAIN INDIVIDUALS.**

22 “(a) IN GENERAL.—

23 “(1) ALLOWANCE OF CREDIT.—Any individual
 24 who is the designated beneficiary of an ABLE ac-
 25 count as of the last day of the taxable year and who

1 makes qualified ABLE account contributions for
2 such taxable year shall be allowed a credit for such
3 taxable year in an amount equal to the applicable
4 percentage of so much of the qualified ABLE ac-
5 count contributions made by such individual for the
6 taxable year as does not exceed \$2,000.

7 “(2) PAYMENT OF CREDIT.—

8 “(A) IN GENERAL.—The credit under this
9 section shall be—

10 “(i) treated as allowed by subpart C
11 of part IV of subchapter A of chapter 1,
12 and

13 “(ii) paid by the Secretary as a con-
14 tribution (as soon as practicable after the
15 individual has filed a tax return making a
16 claim for such credit for the taxable year)
17 to the ABLE account of the individual.

18 “(B) EXCEPTION.—In the case of an indi-
19 vidual who elects the application of this sub-
20 paragraph and with respect to whom the credit
21 determined under paragraph (1) is greater than
22 zero but less than \$50 for the taxable year,
23 subparagraph (A)(ii) shall not apply.

1 “(b) OVERALL LIMITATION.—The amount of the
2 credit allowed under this section with respect to any indi-
3 vidual shall not exceed the excess of—

4 “(1) the amount in effect under section
5 529A(b)(2)(B) for the taxable year, over

6 “(2) the amount of contributions made to the
7 ABLE account of the individual for such taxable
8 year.

9 “(c) APPLICABLE PERCENTAGE.—For purposes of
10 this section—

11 “(1) IN GENERAL.—Except as provided in para-
12 graph (2), the applicable percentage is 100 percent.

13 “(2) PHASEOUT.—The percentage under para-
14 graph (1) shall be reduced (but not below zero) by
15 the number of percentage points which bears the
16 same ratio to 100 percentage points as—

17 “(A) the excess of—

18 “(i) the taxpayer’s modified adjusted
19 gross income for such taxable year, over

20 “(ii) the applicable dollar amount,
21 bears to

22 “(B) \$20,000.

23 If any reduction determined under this paragraph is
24 not a whole percentage point, such reduction shall be
25 rounded to the next lowest whole percentage point.

1 “(3) APPLICABLE DOLLAR AMOUNT.—The ap-
2 plicable dollar amount is—

3 “(A) in the case of a joint return, \$56,000,

4 “(B) in the case of a head of household (as
5 defined in section 2(b)), $\frac{3}{4}$ of the amount ap-
6 plicable under subparagraph (A), and

7 “(C) in any other case, $\frac{1}{2}$ of the amount
8 applicable under subparagraph (A).

9 “(d) QUALIFIED ABLE ACCOUNT CONTRIBU-
10 TIONS.—For purposes of this section—

11 “(1) IN GENERAL.—The term ‘qualified ABLE
12 account contributions’ means, with respect to any
13 taxable year, the amount of contributions made by
14 the individual to the ABLE account of which such
15 individual is the designated beneficiary. Such term
16 shall not include any amount attributable to a pay-
17 ment under subsection (a)(2).

18 “(2) REDUCTION FOR CERTAIN DISTRIBU-
19 TIONS.—

20 “(A) IN GENERAL.—The qualified ABLE
21 account contributions determined under para-
22 graph (1) for a taxable year shall be reduced
23 (but not below zero) by the aggregate distribu-
24 tions received by the individual during the test-
25 ing period from the ABLE account.

1 “(B) TESTING PERIOD.—For purposes of
2 subparagraph (A), the testing period, with re-
3 spect to a taxable year, is the period which in-
4 cludes—

5 “(i) such taxable year,

6 “(ii) the 2 preceding taxable years,

7 and

8 “(iii) the period after such taxable
9 year and before the due date (including ex-
10 tensions) for filing the return of tax for
11 such taxable year.

12 “(C) EXCEPTED DISTRIBUTIONS.—There
13 shall not be taken into account under subpara-
14 graph (A) the amount of distributions under a
15 qualified ABLE program (within the meaning
16 of section 529A) that is equal to amounts not
17 included in gross income with respect to such
18 distributions under section 529A(c)(1)(B) (re-
19 lating to distributions for qualified disability ex-
20 penses).

21 “(D) TREATMENT OF DISTRIBUTIONS RE-
22 CEIVED BY SPOUSE OF INDIVIDUAL.—For pur-
23 poses of determining distributions received by
24 an individual under subparagraph (A) for any
25 taxable year, any distribution received by the

1 spouse of such individual shall be treated as re-
2 ceived by such individual if such individual and
3 spouse file a joint return for such taxable year
4 and for the taxable year during which the
5 spouse receives the distribution.

6 “(e) ABLE ACCOUNT.—For purposes of this section,
7 the term ‘ABLE account’ has the meaning given such
8 term under section 529A.

9 “(f) OTHER DEFINITIONS AND SPECIAL RULES.—

10 “(1) MODIFIED ADJUSTED GROSS INCOME.—
11 For purposes of this section, the term ‘modified ad-
12 justed gross income’ means adjusted gross income
13 determined without regard to sections 911, 931, and
14 933.

15 “(2) ERRONEOUS CREDITS.—

16 “(A) IN GENERAL.—If any contribution is
17 erroneously paid under subsection (a)(2), in-
18 cluding a payment that is not made to an
19 ABLE account, the amount of such erroneous
20 payment shall be treated as an underpayment
21 of tax (other than for purposes of part II of
22 subchapter A of chapter 68) for the taxable
23 year in which the Secretary determines the pay-
24 ment is erroneous.

1 “(B) DISTRIBUTION OF ERRONEOUS CRED-
2 ITS.—In the case of a contribution to which
3 subparagraph (A) applies, section 72 shall not
4 apply to the distribution of such contribution
5 (and any income attributable thereto) if such
6 distribution is received not later than the day
7 prescribed by law (including extensions of time)
8 for filing the individual’s return for such tax-
9 able year.

10 “(3) EXCEPTION FROM REDUCTION OR OFF-
11 SET.—Any payment made to any individual under
12 this section shall not be—

13 “(A) subject to reduction or offset pursu-
14 ant to subsection (c), (d), (e), or (f) of section
15 6402 or any similar authority permitting offset,
16 or

17 “(B) reduced or offset by other assessed
18 Federal taxes that would otherwise be subject
19 to levy or collection.

20 “(g) INFLATION ADJUSTMENTS.—

21 “(1) IN GENERAL.—In the case of any taxable
22 year beginning in a calendar year after 2027, the
23 \$56,000 amount in subsection (c)(3)(A) shall be in-
24 creased by an amount equal to—

25 “(A) such dollar amount, multiplied by

1 “(B) the cost-of-living adjustment deter-
2 mined under section 1(f)(3) for the calendar
3 year in which the taxable year begins, deter-
4 mined by substituting ‘calendar year 2026’ for
5 ‘calendar year 2016’ in subparagraph (A)(ii)
6 thereof.

7 “(2) ROUNDING.—Any increase determined
8 under paragraph (1) shall be rounded to the nearest
9 multiple of \$1,000.”.

10 (b) TREATMENT OF CERTAIN POSSESSIONS.—

11 (1) PAYMENTS TO POSSESSIONS WITH MIRROR
12 CODE TAX SYSTEMS.—The Secretary of the Treas-
13 ury shall pay to each possession of the United States
14 which has a mirror code tax system amounts equal
15 to the loss (if any) to that possession by reason of
16 the amendments made by this section. Such
17 amounts shall be determined by the Secretary of the
18 Treasury based on information provided by the gov-
19 ernment of the respective possession.

20 (2) PAYMENTS TO OTHER POSSESSIONS.—The
21 Secretary of the Treasury shall pay to each posses-
22 sion of the United States which does not have a mir-
23 ror code tax system amounts estimated by the Sec-
24 retary of the Treasury as being equal to the aggre-
25 gate benefits (if any) that would have been provided

1 to residents of such possession by reason of the
2 amendments made by this section if a mirror code
3 tax system had been in effect in such possession.
4 The preceding sentence shall not apply unless the re-
5 spective possession has a plan, which has been ap-
6 proved by the Secretary of the Treasury, under
7 which such possession will promptly distribute such
8 payments to its residents.

9 (3) COORDINATION WITH CREDIT ALLOWED
10 AGAINST UNITED STATES INCOME TAXES.—No cred-
11 it shall be allowed against United States income
12 taxes under section 6434 of the Internal Revenue
13 Code of 1986 (as added by this section) to any per-
14 son—

15 (A) to whom a credit is allowed against
16 taxes imposed by the possession by reason of
17 the amendments made by this section, or

18 (B) who is eligible for a payment under a
19 plan described in paragraph (2).

20 (4) MIRROR CODE TAX SYSTEM.—For purposes
21 of this subsection, the term “mirror code tax sys-
22 tem” means, with respect to any possession of the
23 United States, the income tax system of such posses-
24 sion if the income tax liability of the residents of
25 such possession under such system is determined by

1 reference to the income tax laws of the United
2 States as if such possession were the United States.

3 (5) TREATMENT OF PAYMENTS.—For purposes
4 of section 1324 of title 31, United States Code, the
5 payments under this subsection shall be treated in
6 the same manner as a refund due from a credit pro-
7 vision referred to in subsection (b)(2) of such sec-
8 tion.

9 (c) DEFICIENCIES.—Section 6211(b)(4) of the Inter-
10 nal Revenue Code of 1986 is amended by striking “and
11 6433” and inserting “6433, and 6434”.

12 (d) PAYMENT AUTHORITY.—Section 1324(b)(2) of
13 title 31, United States Code, is amended by striking “or
14 6433” and inserting “6433, or 6434”.

15 (e) CONFORMING AMENDMENTS.—

16 (1) Subpart A of part IV of subchapter A of
17 chapter 1 of the Internal Revenue Code of 1986 is
18 amended by striking section 25B (and the item re-
19 lated to such section in the table of sections for such
20 subpart).

21 (2) The table of sections for subchapter B of
22 chapter 65 of such Code is amended by adding at
23 the end the following new item:

“Sec. 6434. Matching payments for ABLE account contributions by certain in-
dividuals.”.

1 (f) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 December 31, 2026.

4 **SEC. 5. DEMOGRAPHIC REPORTING WITH RESPECT TO**
5 **ABLE ACCOUNTS.**

6 (a) IN GENERAL.—Section 529A(d)(1) of the Inter-
7 nal Revenue Code of 1986 is amended by adding at the
8 end the following new sentence: “In addition to the infor-
9 mation required under the preceding sentence, each officer
10 or employee having control of the qualified ABLE pro-
11 gram of their designee shall include in reports provided
12 to the Secretary demographic information (including race,
13 gender, and disability type) relating to the designated
14 beneficiaries of ABLE accounts under the program.”.

15 (b) EFFECTIVE DATE.—The amendment made by
16 this section shall apply to reports made after the date of
17 the enactment of this section.

18 **SEC. 6. GRANTS TO PROMOTE USE OF ABLE ACCOUNTS**
19 **AND THE MATCHING CONTRIBUTION CREDIT.**

20 (a) IN GENERAL.—The Secretary of the Treasury (or
21 the Secretary’s delegate) may award grants to States to
22 enable States to promote ABLE accounts (as defined in
23 section 529A(e) of the Internal Revenue Code of 1986)
24 and matching payments for contributions to such accounts

1 (as provided under section 6434 of such Code, as added
2 by this Act).

3 (b) AUTHORIZATION OF APPROPRIATIONS.—There is
4 authorized to be appropriated to carry out this section
5 \$5,000,000 for each of fiscal years 2025 through 2029.

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