

## CHAPTER 157

## ( SB 160 )

AN ACT relating to STABLE Kentucky accounts.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

➔Section 1. KRS 41.415 is amended to read as follows:

- (1) As used in this section, "STABLE Kentucky account" has the same *meaning*~~[definition]~~ as ~~[set forth]~~ in KRS 164A.260.
- (2) The Department of the Treasury shall be responsible for administering *in accordance with this section and Section 2 of this Act* and promoting STABLE Kentucky accounts.
- (3) In order to ensure that the program is administered in a cost-effective manner, the Department of the Treasury may enter into any cooperative agreements, contracts, or similar instruments with:
  - (a) Other states which administer programs created under 26 U.S.C. sec. 529A;
  - (b) Other agencies or departments of the Commonwealth; or
  - (c) A nonprofit organization tasked with providing services to individuals who are eligible for a STABLE Kentucky account.

➔Section 2. KRS 164A.260 is amended to read as follows:

- (1) As used in this section, "STABLE Kentucky account" means an account established by or for the benefit of an eligible individual, as that term is defined by 26 U.S.C. sec. 529A, and established and maintained by the Commonwealth of Kentucky or pursuant to any agreement between the Commonwealth and any other state.
- (2) A STABLE Kentucky account and any investment income earned on a STABLE Kentucky account shall be exempt from all taxation by the Commonwealth of Kentucky or any of its political subdivisions.
- (3) *Moneys in a STABLE Kentucky account or a qualified withdrawal from a STABLE Kentucky account shall:*
  - (a) *Be exempt from attachment, execution, or garnishment;*
  - (b) *Be disregarded for the purposes of determining eligibility for or the amount of any public assistance program, unless required by federal law;*
  - (c) *Not be subject to claims by the Cabinet for Health and Family Services, unless required by federal law; and*
  - (d) *Be, on the death of the designated beneficiary, transferred to the estate of the designated beneficiary, unless prohibited by federal law.*
- (4)
  - (a) Distributions from a STABLE Kentucky account shall not be subject to Kentucky income tax if the distributions are for qualified disability expenses as defined by 26 U.S.C. sec. 529A.
  - (b) A rollover of funds from one (1) STABLE Kentucky account to another STABLE Kentucky account or to an account established under 26 U.S.C. sec. 529 shall not be treated as a distribution so long as:
    1. The funds are being transferred into an account for:
      - a. The same eligible individual; or
      - b. An eligible individual who is a member of the same household; and
    2. The amount is paid into the new account within sixty (60) days of being removed from the original account.
  - (c) Any change in the designated beneficiary of a STABLE Kentucky account shall not be treated as a distribution for purposes of taxation so long as the new beneficiary is a member of the same household.

**Signed by Governor March 31, 2023.**

