

#### **164A.260 STABLE Kentucky account.**

- (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.

**Effective:** June 29, 2023

**History:** Amended 2023 Ky. Acts ch. 157, sec. 2, effective June 29, 2023. -- Created 2018 Ky. Acts ch. 177, sec. 1, effective July 14, 2018.

**Legislative Research Commission Note** (7/14/2018). Under the authority of KRS 7.136(1), the Reviser of Statutes has modified the internal numbering of subsection (3) of this statute from the way it appeared in 2018 Ky. Acts ch. 177, sec. 1. The words in the text were not changed.