

1 AN ACT relating to STABLE Kentucky accounts.

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 164A IS CREATED TO
4 READ AS FOLLOWS:

5 *(1) As used in this section, "STABLE Kentucky account" means an account*
6 *established by or for the benefit of an eligible individual, as that term is defined*
7 *by 26 U.S.C. sec. 529A, and established and maintained by the Commonwealth of*
8 *Kentucky or pursuant to any agreement between the Commonwealth and any*
9 *other state.*

10 *(2) A STABLE Kentucky Account and any investment income earned on a STABLE*
11 *Kentucky Account shall be exempt from all taxation by the Commonwealth of*
12 *Kentucky or any of its political subdivisions.*

13 *(3) Distributions from a STABLE Kentucky Account shall not be subject to Kentucky*
14 *income tax if the distributions are for qualified disability expenses as defined by*
15 *26 U.S.C. sec. 529A.*

16 *(a) A rollover of funds from one STABLE Kentucky Account to another*
17 *STABLE Kentucky Account or to an account established under 26 U.S.C.*
18 *sec. 529 shall not be treated as a distribution so long as:*

19 *1. The funds are being transferred into an account for:*

20 *a. The same eligible individual; or*

21 *b. An eligible individual who is a member of the same household;*

22 *and*

23 *2. The amount is paid into the new account within sixty (60) days of*
24 *being removed from the original account.*

25 *(b) Any change in the designated beneficiary of a STABLE Kentucky Account*
26 *shall not be treated as a distribution for purposes of taxation so long as the*
27 *new beneficiary is a member of the same household.*