



**State of Arkansas
Department of Finance and Administration
Fiscal Impact Statement**

Bill: HB1063

Bill Subtitle: TO AMEND THE ACHIEVING A BETTER LIFE EXPERIENCE PROGRAM ACT; AND TO AMEND THE DEFINITIONS OF "DISABILITY CERTIFICATION" AND "ELIGIBLE INDIVIDUAL" TO CHANGE DISABILITY ONSET AGE FROM TWENTY-SIX TO FORTY-SIX.

Sponsors:

Rep. Mayberry and Sen. Crowell

Basic Change:

Act 1238 of 2015 created the Achieving a Better Life Experience ("ABLE") Program. A taxpayer is entitled to a tax deduction for qualifying contributions made to a disability savings account established under the ABLE program. The funds in the ABLE account are generally not taxable and neither are qualified distributions to a beneficiary. A contributor to an ABLE account may deduct from his or her taxable income contributions up to \$5,000 per tax year.

Under current law, to qualify as an ABLE account beneficiary, the individual's disability or blindness must have occurred prior to his or her 26th birthday. HB1063 amends § 20-3-103 to expand the number of eligible beneficiaries by requiring the individual's disability or blindness to have occurred prior to his or her 46th birthday.

HB1063 is effective on and after January 1, 2026.

Fiscal Impact:

FY2026 – General Revenue Reduction of less than \$20,000 per year

[The current ABLE account exclusion totals \$1.07 million, which multiplied by the effective tax rate of 3.46% results in a revenue impact of \$37,000 per year. Since most qualifying disabilities occur earlier in life, the fiscal impact is estimated to be a 50% increase or less to total ABLE account contributions or about \$18,500 per year due to the change in eligibility.]

Taxpayer Impact:

A taxpayer would be allowed to set up tax-deferred ABLE accounts on behalf of an individual having an onset of disability or blindness occurring up to age 46.

Resources Required:

Tax booklets, procedures manuals, and training would need to be updated.

Time Required:

Adequate time is provided for implementation.



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Procedural Changes:

Department employees will require training and the tax community will need to be educated.

Other Comments:

None.

Legal Analysis:

None.