To amend the Internal Revenue Code of 1986 to provide for employer contributions to ABLE accounts, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES
OCTOBER 22, 2019
Ms. SLOTKIN (for herself and Mr. KELLY of Pennsylvania) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL
To amend the Internal Revenue Code of 1986 to provide for employer contributions to ABLE accounts, and for other purposes.

Be it enacted by the Senate and House of Representa-
tives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.
This Act may be cited as the “Saving To Achieve a Better Life Experience Act of 2019” or the “STABLE Act”.

SEC. 2. EMPLOYER CONTRIBUTIONS TO ABLE ACCOUNTS.
(a) In General.—Section 106 of the Internal Reven-
eue Code of 1986 is amended by adding at the end the following new subsection:
“(h) Contributions to ABLE Accounts.—Any amounts contributed by an employee’s employer to any ABLE account (as defined in section 529A) designated by the employee, and of which the employee is not a beneficiary, shall be treated as employer-provided coverage for medical expenses under an accident or health plan to the extent such amounts do not exceed the lesser of—

“(1) the amount such employee contributed during the taxable year to such ABLE account (as so defined), or

“(2) an amount equal to ½ the amount in effect under section 529A(b)(2)(B)(I).”.

(b) Failure of Employer To Make Comparable ABLE Account Contributions.—Chapter 43 of such Code is amended by adding at the end the following new section:

“SEC. 4980J. FAILURE OF EMPLOYER TO MAKE COMPARABLE ABLE ACCOUNT CONTRIBUTIONS.

“(a) In General.—In the case of an employer who on behalf of an employee makes a contribution to which section 106(h) applies to an ABLE account (as defined in section 529A), there is hereby imposed a tax on the failure of such employer to meet the requirements of subsection (b) for such calendar year.
“(b) Rules and Requirements.—Rules and requirements similar to the rules and requirements of section 4980E shall apply for purposes of this section.

“(c) Regulations.—The Secretary shall issue regulations to carry out the purposes of this section.”.

(c) Exclusion from Employment Taxes.—

(1) Railroad Retirement Tax.—Section 3231(e) of such Code is amended by adding at the end the following new paragraph:

“(13) able account contributions.—The term ‘compensation’ shall not include any payment made on behalf of an employee if at the time of such payment it is reasonable to believe that the employee will be able to exclude such payment from income under section 106(h).”.

(2) Unemployment Tax.—Section 3306(b) of such Code is amended by striking “or” at the end of paragraph (19), by striking the period at the end of paragraph (20) and inserting “; or”, and by inserting after paragraph (20) the following new paragraph:

“(21) any payment made on behalf of an employee if at the time of such payment it is reasonable to believe that the employee will be able to ex-
clude such payment from income under section 106(h).”.

(3) WITHHOLDING TAX.—Section 3401(a) of such Code is amended by striking “or” at the end of paragraph (22), by striking the period at the end of paragraph (23) and inserting “; or”, and by inserting after paragraph (23) the following new paragraph:

“(24) any payment made on behalf of an employee if at the time of such payment it is reasonable to believe that the employee will be able to exclude such payment from income under section 106(h).”.

(4) EMPLOYER CONTRIBUTIONS REQUIRED TO BE SHOWN ON W–2.—Section 6051(a) of such Code is amended by striking “and” at the end of paragraph (11), by striking the period at the end of paragraph (12) and inserting “, and”, and by inserting after paragraph (12) the following new paragraph:

“(13) the amount contributed to any ABLE account (as defined in section 529A) on behalf of such employee.”.

(d) REGULATIONS AND GUIDANCE.—The Secretary of the Treasury shall prescribe such regulations and other
guidance as are necessary to carry out the purposes of the amendments made by this Act, including verification by the employer of amounts an employee contributes during the taxable year to an ABLE account (as defined in section 529A of such Code).

(e) CLERICAL AMENDMENT.—The table of sections for chapter 43 of such Code is amended by adding at the end the following new item:

“Sec. 4980J. Failure of employer to make comparable ABLE account contributions.”.

(f) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 2019.