

12I.10 Implementation as a contracting state — tax considerations.

1. The general assembly acknowledges that section 529A of the Internal Revenue Code permits access to qualified ABLE programs by residents of a state without such a program. The general assembly finds that becoming a contracting state may accomplish the public purpose set forth in [section 12I.1, subsection 1](#), in the same manner as if the qualified ABLE program under the Iowa ABLE savings plan trust were to be implemented and administered by this state. To that end, the treasurer of state, as trustee of the trust, may defer implementation of the qualified ABLE program under the trust and alternatively cause this state to become a contracting state by entering into an agreement with another state with a qualified ABLE program to provide Iowa residents access to that state's qualified ABLE program. The trust shall not enter into an agreement pursuant to [this section](#) unless the treasurer, as trustee of the trust, determines that all of the following requirements are satisfied:

- a. The program is a qualified ABLE program.
- b. The qualified ABLE program provides comparable benefits and protections to Iowa residents as would be provided under the Iowa ABLE savings plan trust.
- c. That entering into an agreement for access to the qualified ABLE program would not result in increased costs to the state or to account owners and designated beneficiaries as compared to the costs of implementing and administering the qualified ABLE program under the Iowa ABLE savings plan trust.
- d. The qualified ABLE program will be audited annually by an independent certified public accountant or by the state auditor, or similar public official, of the state that has implemented the qualified ABLE program.
- e. The qualified ABLE program will provide information to the treasurer of state as trustee of the trust so as to allow the trustee to fulfill the reporting requirements in [section 12I.7](#).

2. a. The maximum amount that may be deducted per year for Iowa income tax purposes by an individual for contributions on behalf of any one designated beneficiary that is a resident of this state to the qualified ABLE program with which the state has contracted pursuant to [this section](#) shall not exceed the maximum deductible amount determined for the year pursuant to [section 12D.3, subsection 1](#).

b. State income tax treatment of the qualified ABLE program with which the state has contracted pursuant to [this section](#) shall be as provided in [section 422.7, subsections 24 and 25](#).

3. For a death occurring before January 1, 2025, state inheritance tax treatment of interests in the qualified ABLE program with which the state has contracted pursuant to [this section](#) shall be as provided in [section 450.4, subsection 9](#).

2015 Acts, ch 137, §85, 162, 163; 2025 Acts, ch 148, §26, 53, 54

Referred to in [§12I.7](#), [422.7\(24\)\(a\)](#), [422.7\(24\)\(b\)](#), [422.7\(24\)\(c\)](#), [422.7\(25\)](#), [450.4](#)

2025 amendment to subsection 3 applies retroactively to January 1, 2025, to the estates of decedents dying on or after January 1, 2025;

2025 Acts, ch 148, §54

Subsection 3 amended