



2025-2026 General Assembly

HOUSE BILL 378: Various Education Law/Tax Accounts/Name, Image, and Likeness Changes, Part VI: Protect Certain Tax-Advantaged Accounts

Analysis of: S.L. 2025-46, Part VI

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Part VI of S.L. 2025-46 (House Bill 378) exempts the following funds from liens, attachment, garnishment, levy, seizure, any involuntary sale or assignment by operation or execution of law, or the enforcement of any other judgment or claim to pay any debt or liability of any account owner, beneficiary, or contributor to the account:

- Funds located in a 529 Plan or withdrawn from a 529 Plan and used for purposes permitted by section 529 of the Internal Revenue Code. This section's increased protections replace previous exemptions from creditors for 529 Plans.
- Funds located in an ABLE account or withdrawn from the account and used for purposes permitted under section 529A of the Internal Revenue Code.

The protections provided under this Part do not apply to the following:

- Any state claims, following the death of the ABLE account owner, to reimburse the state's Medicaid program for benefits received by the participant after the establishment of the ABLE account.
- Funds that were not used for a qualifying purpose under federal law.
- Funds deposited into a qualifying 529 Plan or ABLE account as a result of fraud, intentional wrongdoing, or other violation of law.

Part VI became effective September 1, 2025, and applies to actions filed on or after that date.

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