



SENATE BILL 101: Protect Tax-Advantaged Accts. & Living Donors.

2025-2026 General Assembly

Committee:	House Finance. If favorable, re-refer to Rules, Calendar, and Operations of the House	Date:	June 24, 2025
Introduced by:	Sens. Jones, P. Newton, Lee	Prepared by:	Trina Griffin
Analysis of:	PCS to First Edition S101-CSSV-21		Staff Attorney

OVERVIEW: *The Proposed Committee Substitute for Senate Bill 101 would do the following:*

- *Part I would increase protections for funds held in qualified tuition programs (529 Plans) and ABLE accounts from claims of creditors and other judgments.*
- *Part II would provide insurance protections to living organ donors and paid leave for State employees and State-supported personnel who are living organ donors.*

PART I. PROTECT CERTAIN TAX-ADVANTAGED ACCOUNTS

CURRENT LAW:

North Carolina Education Savings and Investment Plan Accounts

Section 529 of the Internal Revenue Code establishes qualified tuition programs, which include programs established and maintained by a state, agency, or instrumentality thereof, allowing individuals to contribute to an account established for the purpose of meeting the qualified higher education expenses of the designated beneficiary of the account. Qualified higher education expenses include tuition for an elementary or secondary public, private, or religious school. Contributions are not deductible, but earnings on a 529 Plan are exempt from federal taxation when used for qualified higher education expenses.

G.S. 116-209.25 establishes the framework for North Carolina's 529 Plans (NC 529 Plans), consistent with section 529 of the Internal Revenue Code. NC 529 Plans are administered by the State Education Assistance Authority (SEAA) in order to enable parents and other interested parties to save funds to meet the costs of education expenses of eligible students. NC 529 Plan funds are held in accounts within the State's Parental Savings Trust Fund.

For individuals who are residents of North Carolina, G.S. 1C-1601(a)(10) exempts funds in a college savings plan, which could include an NC 529 Plan or a 529 Plan created by another entity, from the enforcement of claims of creditors (up to \$25,000). The exemption does not apply to certain enumerated claims under G.S. 1C-1601(e) or to funds placed in a college savings plan within the preceding 12 months unless contributions were made in the ordinary course of the debtor's financial affairs and were consistent with the debtor's past pattern of contributions. Additionally, the exemption only applies to the extent that the funds are for a child of the debtor and will actually be used for the child's college or university expenses.

Kara McCraw
Director



Legislative Analysis
Division
919-733-2578

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ABLE Accounts

Federal law recognizes qualified ABLE programs which are established by states, agencies, or instrumentalities thereof, allowing individuals to contribute to an account established for the purpose of meeting the qualified disability expenses of the designated beneficiary of the account. See 26 U.S.C. § 529A. Article 6F of Chapter 147 of the General Statutes establishes the parameters for ABLE accounts in North Carolina.

BILL ANALYSIS:

Section 1.(a) of the bill would exempt the following 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.
- 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 Senate Bill 101 would 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.
- Funds deposited into a qualifying 529 Plan or ABLE account as a result of fraud, intentional wrongdoing, or other violation of law.

Section 1.(b) of the bill would repeal G.S. 1C-1601(a)(10) as it would no longer be needed due to the increased protections provided to 529 Plans in the bill.

EFFECTIVE DATE: Part I of Senate Bill 101 would become effective September 1, 2025, and apply to actions filed on or after that date.

PART II. LIVE ORGAN DONOR PROTECTIONS

BILL ANALYSIS:

Insurance Protections

Section 2.(a) of the bill would prohibit an insurer from discriminating against an individual based solely on their status as a living organ donor. The following actions would be *prohibited* based solely, and without any additional actuarial risks, on an individual's status as a living organ donor:

- Refusing to insure or continuing to insure.
- Limiting the amount, extent, or kind of coverage available.
- Charging a different amount for the same coverage.
- Otherwise discriminating against the individual in the offering, insurance, cancellation, price, conditions, or in the amount of coverage under a policy.

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For purposes of this portion, a "living organ donor" is defined as a living individual who donates one or more of that individual's human organs, including bone marrow, to be medically transplanted into the body of another individual.

EFFECTIVE DATE: This subsection would become effective 30 days after it becomes law and apply to insurance contracts issued, renewed, or amended on or after that date.

Paid Leave for State Employees and State-supported personnel

Section 2.(b) of the bill would require paid leave for State employees and State-supported personnel for organ donation. The paid leave would be available without requiring the employee to exhaust sick and vacation leave; is in addition to shared leave and other leave authorized by federal or State law; cannot be used for retirement purposes; and has no cash value upon termination of employment.

The State Human Resources Commission is required to adopt rules and policies to allow full-time and part-time permanent State employees up to 30 days of paid leave for organ donation and up to 7 days for bone marrow donation, in addition to other leave.

The section specifically provides that in addition to State employees, the leave would be available to State-supported personnel and the appropriate governing boards must adopt rules accordingly. The statutes outlining employees subject to the State Human Resources Chapter are amended to clarify that this new leave applies to State employees, public school employees, and community college employees. Beginning April 1, 2026, the State Human Resources Commission, the State Board of Education, the State Board of Community Colleges, and all State agencies, departments, and institutions must annually report on the paid organ donation leave program to the Office of State Human Resources.

Section 2.(c) provides that the above-described leave provisions would apply to all State employees, public school employees, and community college employees.

EFFECTIVE DATE: These subsections would become effective when they become law.

BACKGROUND:

Organ and tissue donation: Individuals can be deceased organ donors or living donors. According to [Organdonor.gov](https://organdonor.gov), more than 48,000 transplants were performed in 2024, 13 people die each day waiting for an organ transplant, 103,223 men, women, and children are on the national transplant waiting list, and every donor can save 8 lives and enhance 75 more. Additional information on the living donation process can be found [here](#).

Bone Marrow Donation: According to the [Health Resources & Services Administration](#), bone marrow transplant or umbilical cord blood transplant is a treatment option that replaces a patient's unhealthy blood-forming cells with healthy cells. Bone marrow transplants are used to treat blood cancers, sickle cell anemia and other diseases. Donation and transplantation statistics and donor registry data can be found [here](#). Volunteer donors must be between the ages of 18 and 60 and the [Be The Match](#) registry describes itself as managing "the largest and most diverse marrow registry in the world."

According to the [American Transplant Foundation](#), 19 states have enacted living donor protection laws.

**Nicholas Giddings & Catherine Goodman, Staff Attorneys in the Legislative Analysis Division, substantially contributed to this summary.*