
Early Learning & Human Services Committee

HB 2323

Brief Description: Creating the Washington achieving a better life experience program.

Sponsors: Representatives Kilduff, Walsh, Stanford, Kagi, Robinson, McBride, Bergquist, Jinkins and Pollet.

Brief Summary of Bill

- Creates an achieving a better life experience governing board that must design and implement an achieving a better life experience savings and investment program for eligible individuals with disabilities by July 1, 2017.

Hearing Date: 1/13/16

Staff: Luke Wickham (786-7146).

Background:

Achieving a Better Life Experience Act.

Congress passed the Achieving a Better Life Experience (ABLE) Act in December 2014. The law amended the Internal Revenue Code to exempt from taxation qualified ABLE savings programs established by states. Individuals can contribute to these savings accounts for eligible people with disabilities that originated before age 26.

Individuals are able to invest up to \$14,000 per year in ABLE accounts. Withdrawals from these accounts will not be taxed so long as the money is spent on qualified expenses such as housing, education, transportation, health care, and rehabilitation.

An individual generally cannot have more than \$2,000 in savings or other assets to be eligible for means-tested federal programs such as Medicaid or Supplemental Security Income

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

(SSI). However, investments up to \$100,000 in ABLE accounts will be disregarded as assets for purposes of Medicaid or SSI eligibility.

The United States Treasury Department and the Internal Revenue Service released proposed regulations regarding qualified ABLE programs in June 2015 and received comments on those regulations, but the final regulations have not yet been issued.

Developmental Disabilities Endowment Trust.

The Washington Developmental Disabilities Endowment Trust (Endowment Trust) was established by the Legislature in 1999. This Endowment Trust is governed by a seven-member governing board, six of the members of this board are appointed by the Governor. The Department of Commerce (DOC) provides support to the governing board when specified funds are appropriated.

The Endowment Trust is available to individuals under age 65 with a qualifying developmental disability originating before age 18. An individual must be eligible for services provided by the Developmental Disabilities Administration to be eligible for the Endowment Trust.

ABLE Workgroup

Last year, the Legislature enacted Second Substitute House Bill 2063, which required the Washington Office of the Treasurer to convene a workgroup with recommendations regarding implementation of the ABLE Act in Washington. This report was published in November 2015. The report makes the following recommendations:

- Washington should create and run its own ABLE program instead of contracting with another state or collaborating with other states.
- The Washington ABLE program should be overseen by a seven-member governing board with certain membership and authority.
- The ABLE board should be co-located with the Endowment Trust and hosted by the DOC.
- The State Investment Board should handle investments for the ABLE program.

The report also estimates that 35,000-50,000 individuals in Washington would be eligible ABLE participants with sufficient resources to make use of the ABLE program.

Summary of Bill:

A governing board is authorized to design and implement the ABLE program by July 1, 2017. The ABLE program must allow for the creation of savings or investment accounts for eligible individuals with disabilities. The governing board consists of seven members including:

- the State Treasurer or his or her designee;
- the program director for the committee on advanced tuition payment;
- the Director of the Office of Financial Management or his or her designee; and
- four members with financial, legal, or disability program experience, appointed by the Governor.

To the extent funds are appropriated for this purpose, the DOC shall provide staff and administrative support to the board. If practicable, the board shall be co-located with the Developmental Disabilities Endowment Trust.

The governing board is required to submit a semi-annual report to the Legislature regarding progress toward program implementation and include recommendations regarding legislative changes necessary to implement the program.

The ABLE account is created and would retain its own interest. The account must consist of payments received from contributors to individual ABLE program accounts. The assets of the account may be spent without appropriation for the purpose of making payments to individual account holders.

The State Investment Board has the power to invest, reinvest, manage, contract, sell, or exchange investment money in the ABLE account.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.