

SENATE BILL REPORT

2SHB 2063

As of April 6, 2015

Title: An act relating to the creation of the Washington achieving a better life experience program.

Brief Description: Creating a work group to design a qualified achieving a better life experience program.

Sponsors: House Committee on Appropriations (originally sponsored by Representatives Kilduff, Kagi, Jenkins, Springer, Hunter, Ormsby, Tharinger and Tarleton).

Brief History: Passed House: 3/10/15, 89-8.

Committee Activity: Health Care: 3/23/15, 3/24/15 [DP-WM, w/oRec].

Ways & Means: 4/06/15.

SENATE COMMITTEE ON HEALTH CARE

Majority Report: Do pass and be referred to Committee on Ways & Means.

Signed by Senators Becker, Chair; Dammeier, Vice Chair; Frockt, Ranking Minority Member; Brown, Cleveland, Conway, Jayapal, Keiser, Parlette and Rivers.

Minority Report: That it be referred without recommendation.

Signed by Senators Angel and Bailey.

Staff: Kathleen Buchli (786-7488)

SENATE COMMITTEE ON WAYS & MEANS

Staff: Steve Jones (786-7440)

Background: 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 savings accounts for eligible people with disabilities. Individuals are able to invest up to \$14,000 per year in ABLE accounts. Withdrawals from the account will not be taxed provided that the money is spent on qualified expenses, such as housing, education, transportation, health care, and rehabilitation. The complete description of qualified

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expenses and other parameters of these accounts are expected to become available in the summer or fall of 2015 when the Secretary of the United States Treasury issues regulations.

An individual generally cannot have more than \$2,000 in savings or other assets for means-tested federal programs such as Medicaid or Supplemental Security Income (SSI). However, investments up to \$100,000 in ABLE savings accounts will be disregarded as assets for purposes of Medicaid or SSI eligibility.

Summary of Bill: By July 1, 2015, the State Treasurer's Office must convene a work group to design an ABLE program. The work group must include representatives from the Department of Commerce, the State Investment Board, the Washington Advanced College Tuition Payment Program, the Department of Social and Health Services, the Developmental Disability Endowment Governing Board, and the disability community.

The ABLE design work group must provide a report to the Governor and the Legislature by November 1, 2015, that includes the following:

- a recommendation of the appropriate lead agency for the ABLE program;
- an analysis of the appropriate investment instrumentality for ABLE account investments;
- an implementation plan for the ABLE program;
- a recommendation regarding the composition and role of an ABLE advisory board; and
- an estimate of the number of eligible ABLE participants in the state.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony (Health Care): PRO: This bill provides an important opportunity for people with disabilities. It will not require that they spend themselves down into poverty in order to qualify for services. This bill would give life to the federal ABLE Act. This offers hope for a better future for people with disabilities and provides them a chance to save and plan for their futures. This is an important bill for families and it will allow friends and family to put money into ABLE accounts so that a person with disabilities can keep money in the person's name and not lose services that are income specific. This helps people to pursue their goals and dreams. Federal guidance documents have told us that the states that implement action before the federal regulations will be in compliance, and if not in compliance will be permitted an opportunity to make changes to their programs. This has a broader application than the Developmental Disability Endowment Trust Fund and will reach more clients.

Persons Testifying (Health Care): PRO: Representative Kilduff, prime sponsor; Diana Stadden, The Arc of WA State; Amy Patterson, Down Syndrome Assn. of Snohomish County; Emma Patterson, Self-advocate; Ed Holen, Developmental Disabilities Council;

Margaret-Lee Thompson, WA State Developmental Disabilities Endowment Trust Fund Board.

Persons Signed in to Testify But Not Testifying: No one.

Staff Summary of Public Testimony (Ways & Means): PRO: A 2014 act of Congress requires state action to implement these new ABLE accounts. The State Treasurer will be able to build on the experience of these other states. At least 32 states are considering legislation, and three states enacted the necessary legislation. ABLE accounts are similar to Individual Retirement Accounts; families can contribute to the accounts to make long-term plans for their family members. The fiscal impact to establish this program is very minimal, and there are great potential cost savings to state programs that serve this population. This provides a privately funded safety net for persons with disabilities. These savings accounts can help citizens provide for their basic needs, including transportation, housing, and job coaching. While similar to the Developmental Disabilities Endowment Trust Fund, ABLE accounts expand the allowable population that can be served.

Persons Testifying (Ways & Means): PRO: Representative Kilduff, prime sponsor; Diana Stadden, ARC of WA; Noah Seidel, Self-Advocates in Leadership; Emma Patterson, Amy Patterson, Down Syndrome Assn. of Snohomish County; Ed Holden, Developmental Disabilities Council.