
**Early Learning & Human Services
Committee**

HB 2063

Brief Description: Creating an investment program for individuals with disabilities.

Sponsors: Representatives Kilduff, Kagi, Jinkins, Springer, Hunter, Ormsby, Tharinger and Tarleton.

Brief Summary of Bill

- Creates the Achieving a Better Life Experience program in the Department of Commerce, which allows eligible individuals with disabilities to create savings accounts.

Hearing Date: 2/18/15

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 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 so long as the money is spent on qualified expenses, such as housing, education, transportation, health care, and rehabilitation. The complete description of qualified 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.

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.

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 529A accounts will be disregarded as assets for purposes of Medicaid or SSI eligibility.

Other States.

There is legislation pending in North Dakota, Minnesota, and Kansas that would establish ABLE account programs.

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 person 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 funds are appropriated for that purpose.

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 Disability Administration to be eligible for the Endowment Trust.

Summary of Bill:

The ABLE program is created in the DOC. The DOC is authorized to administer, manage, promote, and market the ABLE program, which must allow for the creation of savings accounts for eligible individuals with disabilities. The DOC shall adopt rules to implement the ABLE program and take any action required to keep the program in compliance with federal law and regulations.

The DOC must annually report to the Legislature regarding the progress made in implementing the program.

The ABLE account is created and would retain its 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: Requested on February 10, 2015.

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