
SENATE BILL 5734

State of Washington

68th Legislature

2023 Regular Session

By Senators Braun, Keiser, Lovelett, Trudeau, Warnick, Wellman, and J. Wilson

Read first time 02/09/23. Referred to Committee on Ways & Means.

1 AN ACT Relating to encouraging achieving a better life experience
2 accounts; amending RCW 43.330.464; adding a new section to chapter
3 43.330 RCW; creating a new section; and making an appropriation.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 NEW SECTION. **Sec. 1.** The legislature finds that:

6 (1) In 2016, legislation was enacted to implement the Washington
7 achieving a better life experience (ABLE) program to allow persons
8 with qualifying disabilities to create tax-advantaged savings
9 accounts known as ABLE accounts. Eligible individuals currently
10 include persons with significant physical, behavioral, developmental,
11 or military disabilities with an age of onset of disability before
12 turning 26 years of age. Eligible individuals can contribute their
13 own earnings to their ABLE accounts as well as accept contributions
14 from family members and employers. ABLE accounts can be used to fund
15 a wide range of expenses related to the eligible individual's
16 disability without risking eligibility for means-tested public
17 benefits such as medicaid and supplemental security income.

18 (2) Washington currently has 3,569 ABLE accounts, but
19 participation could be higher. Increasing participation in the ABLE
20 program helps the individual by increasing self-reliance, encouraging
21 employment, and improving quality of life, and helps the program by

1 keeping account fees low. Recognizing the benefits of the ABLE
2 program, congress recently enacted the ABLE age adjustment act that
3 would raise the threshold for the onset of a qualifying disability to
4 age 46 beginning January 2026. The purpose of this act is to
5 encourage participation in the ABLE program by providing funding for
6 program promotion, reducing individual account fees, and to
7 contribute funding to ABLE accounts.

8 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.330
9 RCW to read as follows:

10 (1) The encouraging achieving a better life experience account,
11 also known as the ENABLE account, is created in the custody of the
12 state treasurer. Moneys from legislative appropriations and
13 transfers, federal funds, public or private donations, gifts, and
14 grants, and any other lawful source may be deposited into the
15 account. Expenditures from the account may be used only for the
16 following purposes in the following priority:

17 (a) Up to \$250,000 or 0.25 percent of the balance of the account
18 on July 1st of each fiscal year, whichever is less, may be used for
19 administrative and promotional expenses for that fiscal year;

20 (b) Reducing or eliminating fees charged against individual
21 Washington achieving a better life experience program accounts to
22 administer or invest moneys in each account, up to a maximum of \$50
23 annually per account;

24 (c) Depositing \$1,000 into each individual Washington achieving a
25 better life experience program account in existence on July 1, 2023;
26 and

27 (d) Depositing \$1,000 into each new individual Washington
28 achieving a better life experience program account opened in
29 Washington state after July 1, 2023, or an existing account rolled
30 over into an individual Washington achieving a better life experience
31 program account after July 1, 2023.

32 (2) Only the director of the Washington achieving a better life
33 experience governing board or the board's designee may authorize
34 expenditures from the account. The account is subject to allotment
35 procedures under chapter 43.88 RCW, but an appropriation is not
36 required for expenditures. If any deposit from the ENABLE account
37 into an individual Washington achieving a better life experience
38 program account would result in the individual exceeding the
39 contribution limit allowed under internal revenue service

1 regulations, the individual may defer the ENABLE deposit for up to
2 two years to prevent exceeding the limit.

3 **Sec. 3.** RCW 43.330.464 and 2018 c 76 s 3 are each amended to
4 read as follows:

5 (1) The governing board may elect to have the state investment
6 board or investment manager invest the money in the Washington
7 achieving a better life experience program account. If the governing
8 board so elects, the state investment board created in RCW 43.33A.020
9 or the investment manager has the full power to invest, reinvest,
10 manage, contract, sell, or exchange investment money in the
11 Washington achieving a better life experience program account. All
12 investment and operating costs associated with the investment of
13 money by the state investment board must be paid pursuant to RCW
14 43.33A.160 and 43.84.160. With the exception of these expenses, the
15 earnings from the investment of the money must be retained by the
16 account.

17 (2) (a) After consultation with the governing board, the state
18 investment board or investment manager may elect to invest any self-
19 directed accounts associated with the Washington achieving a better
20 life experience program. The state investment board or investment
21 manager has full authority to invest all self-directed investment
22 moneys in accordance with this section and RCW 43.84.150. In carrying
23 out this authority the state investment board or investment manager,
24 after consultation with the governing board regarding any
25 recommendations, shall provide a set of options for eligible
26 individuals to choose from for self-directed investment. Any self-
27 directed investment options provided must comply with section 529A of
28 the federal internal revenue code of 1986, as amended.

29 (b) ~~((All))~~ Except as provided in section 2(1)(b) of this act,
30 all investment and operating costs of the state investment board or
31 investment manager associated with making self-directed investments
32 must be paid by eligible individuals and recovered under procedures
33 agreed to by the governing board and the state investment board or
34 investment manager consistent with the principles set forth in RCW
35 43.33A.160. ~~((All))~~ Except as provided in section 2(1)(b) of this
36 act, all other expenses caused by self-directed investments must be
37 paid by the eligible individual in accordance with rules established
38 by the governing board. With the exception of these expenses, all
39 earnings from self-directed investments shall accrue to the eligible

1 individual's Washington achieving a better life experience program
2 account.

3 (c) (i) The governing board shall keep or cause to be kept full
4 and adequate accounts and records of each eligible individual
5 Washington achieving a better life experience program account.

6 (ii) The governing board shall account for and report on the
7 investment of self-directed assets or may enter into an agreement
8 with the recordkeepers for such accounting and reporting under this
9 chapter.

10 (iii) The governing board's duties related to eligible individual
11 Washington achieving a better life experience program accounts
12 include conducting ~~(+)~~, or causing to be conducted, the activities
13 of trade instruction, settlement activities, and direction of cash
14 movement and related wire transfers with the custodian bank and
15 outside investment firms.

16 (iv) The governing board has sole responsibility for contracting
17 with any recordkeepers for individual Washington achieving a better
18 life experience program accounts and shall manage the performance of
19 recordkeepers under those contracts.

20 (v) The governing board has sole responsibility for contracting
21 with outside investment firms to provide investment management for
22 the individual Washington achieving a better life experience program
23 accounts and shall manage the performance of investment managers
24 under those contracts.

25 (vi) The governing board must contract with an organization to
26 promote and encourage eligible individuals to open individual
27 Washington achieving a better life experience program accounts as
28 well as making contributions to existing or rolled over individual
29 accounts. If the recordkeeper or outside investment firm contracted
30 by the governing board under (c) (iv) or (v) of this subsection can
31 perform this function, the governing board may revise any existing
32 contract for this purpose without engaging in a competitive process
33 required under chapter 39.26 RCW.

34 (d) The governing board shall designate and define the terms of
35 engagement for the custodial banks under authority that the state
36 treasurer shall delegate pursuant to RCW 43.08.015 with the
37 concurrence of the office of financial management.

38 (3) All investments made by the state investment board must be
39 made with the exercise of that degree of judgment and care pursuant

1 to RCW 43.33A.140 and the investment policy established by the state
2 investment board.

3 (4) As deemed appropriate by the state investment board, money in
4 the account may be commingled for investment with other funds subject
5 to investment by the state investment board.

6 (5) The authority to establish all policies relating to the
7 account resides with the governing board acting to implement, design,
8 and manage the Washington achieving a better life experience savings
9 program that allows eligible individuals to create and maintain
10 savings accounts. The moneys in the account may be spent only for the
11 purposes of the Washington achieving a better life experience
12 program.

13 (6) The investment manager shall routinely consult and
14 communicate with the governing board on the investment policy,
15 earnings of the account, and related needs of the program.

16 NEW SECTION. **Sec. 4.** The sum of \$10,000,000 is appropriated for
17 the fiscal year ending June 30, 2024, from the general fund—state for
18 expenditure into the encouraging achieving a better life experience
19 account created in section 2 of this act.

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