

SENATE BILL REPORT

SB 5648

As of February 6, 2025

Title: An act relating to encouraging achieving a better life experience accounts.

Brief Description: Encouraging achieving a better life experience accounts.

Sponsors: Senator Braun.

Brief History:

Committee Activity: Ways & Means: 2/10/25.

Brief Summary of Bill

- Creates the Encouraging Achieving a Better Life Experience Account in the state Treasury.

SENATE COMMITTEE ON WAYS & MEANS

Staff: Trevor Press (786-7446)

Background: Federal Achieving a Better Life Experience Act. Congress passed the Achieving a Better Life Experience Act (ABLE) in December 2014, which exempted qualified ABLE savings programs established by states from taxation. Eligible individuals can contribute to these tax-advantaged savings accounts. Eligible individuals include any person with a significant physical, behavioral, developmental, or military disability with an onset 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 (SSI). However, investments up to \$100,000 in ABLE accounts will be disregarded as assets for Medicaid or

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SSI eligibility.

In 2022, Congress enacted the ABLE Age Adjustment Act in the omnibus spending bill. Beginning January 1, 2026, the age threshold for the onset of a qualifying disability is increased to 46.

Washington Achieving a Better Life Experience Program. The Legislature authorized the creation of the Washington Achieving a Better Life Experience Program (Program) in 2016, which is administered by a seven member governing board and operated by the Department of Commerce in consultation with the state treasurer and State Investment Board (SIB). The Program administers the ABLE Account which consists of payments received from contributors to individual ABLE program accounts. The assets of the ABLE Account may be spent without appropriation for making payments to individual account holders, and for administrative and operating expenses of the Program. The ABLE Account must be self-sustaining. The assets of the ABLE Account may be invested by a contracted investment manager or the SIB, as determined by the governing board.

Summary of Bill: Encouraging Achieving a Better Life Experience Account. The Encouraging Achieving a Better Life Experience (ENABLE) Account is created in the custody of the state treasurer. Money from legislative appropriations and transfers, federal funds, public or private donations, gifts, grants, and any other lawful source may be deposited in the ENABLE Account.

Expenditures from the ENABLE Account may only be used for the following purposes in the following priority:

- up to \$250,000 or 0.25 percent of the ENABLE Account balance on July 1st of each fiscal year, whichever is less, may be used for administrative and promotional expenses for that fiscal year;
- reducing or eliminating fees charged against individual state ABLE accounts to administer or invest moneys in each account, up to \$50 maximum per account annually;
- depositing \$1,000 into each individual state ABLE account that exists as of July 1, 2025; and
- depositing \$1,000 into each new individual state ABLE account opened in Washington after July 1, 2025, or an existing account rolled into an individual Washington State ABLE account after July 1, 2025.

Only the director of the state ABLE Governing Board, or the board's designee, may authorize expenditures from the ENABLE Account. The ENABLE Account is subject to allotment procedures, but an appropriation is not required for expenditures. If any deposit from the ENABLE Account into an individual state ABLE Account would result in the individual exceeding the contribution limit allowed under federal IRS regulations, the individual may defer the ENABLE deposit for up to two years to prevent exceeding the limit.

Governing Board Contracts. The state ABLE Governing Board must contract with an organization to promote and encourage eligible individuals to open individual state ABLE accounts and make contributions to existing or rolled over individual accounts. If the recordkeeper or outside investment firm already contracted by the state ABLE Governing Board can perform this function, the state ABLE Governing Board may revise any existing contract for this purpose without engaging in the required competitive process.

Appropriation: None.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: No.

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