

STAFF MEASURE SUMMARY**Senate Committee On Human Services and Early Childhood****Fiscal:** Fiscal impact issued**Revenue:** Revenue impact issued**Action Date:** 04/02/15**Action:** Do Pass With Amendments. Refer To Finance And Revenue By Prior Reference And Requesting Referral To Ways And Means. Printed A-Eng).**Meeting Dates:** 04/02**Vote:**

Yeas: 5 - Dembrow, Gelser, Kruse, Monnes Anderson, Olsen

Prepared By: Cheyenne Ross, Committee Administrator**WHAT THE MEASURE DOES:**

Enables implementation of Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014 (ABLE Act) in Oregon. Folds ABLE savings program into Oregon 529 Savings program. Requires Oregon 529 Savings Board create qualified ABLE Act program by rule, permitting persons with disabilities to establish savings accounts for disability-related expenses and excluding such expenses from federal and state taxable income. Takes effect 91st day after *sine die*.

ISSUES DISCUSSED:

- History of Stephen Beck, Jr., ABLE Act and its passage
- Number of states adopting enabling legislation
- Historic significance of overall movement
- Hardships faced by disabled persons and their families; high costs associated with special needs over lifetime
- Current asset limits that force disabled persons and their families into continued dependency for fear of becoming ineligible for assistance
- Inadequacy of Special Needs Trusts
- Inability of families to plan for future; anxieties and uncertainties about future
- Natural fit of ABLE Act program into Oregon's existing 529 savings plan
- Respecting and supporting disabled persons' independence
- Basic fairness

EFFECT OF COMMITTEE AMENDMENT:

Refines language and modifies Oregon 529 College Savings program to add ABLE savings program. Renames Oregon 529 College Savings Board, Oregon 529 Savings Board. Renames corresponding Oregon 529 College Savings Network and Oregon 529 College Savings Network Fund, Oregon 529 Savings Network and Oregon 529 Savings Network Fund, respectively. Replaces "State Treasurer" with "Oregon 529 Savings Board." Replaces references to "college" with "higher education." Removes education-specific board members and references. Adds disabled board member. Increases amount of State Treasurer's maximum payment of expenses by \$896,391 for 2015-2017 biennium. Authorizes Legislative Counsel to change Oregon 529 Savings Board, Network, and Fund names throughout statutes.

BACKGROUND:

The Stephen Beck, Jr., Achieving a Better Life Experience Act (ABLE Act) became law in December 2014. It permits the creation of tax-free, state-based savings accounts to pay for disability-related expenses, either by individuals supporting themselves or by families supporting dependents. Expenses qualify as disability-related if they are for the benefit of an individual with a disability and are related to the disability (including education; housing; transportation; employment support; health, prevention, and wellness costs; assistive technology and personal support services; and other expenses.)

ABLE accounts are intended to supplement benefits currently provided by Social Security, Medicaid, employers and private insurance, and the ABLE savings program is treated the same as a qualified tuition program, such as a 529 savings plan, making the two savings programs compatible. (A 529 tuition savings account allows families to save money for an individual's education without being disqualified for certain aid programs, and prevents tax penalties on the money saved and any income earned from it.) ABLE accounts have no impact on Medicaid eligibility and persons receiving Supplemental Security Income from Social Security have payments suspended while maintaining excess resources in an ABLE account. Folding the ABLE program into an existing, successful 529 savings plan, permits Oregon's savings network to loan itself the start-up costs to establish ABLE accounts without using General Fund dollars, and the loan is repaid as the ABLE program achieves self-sufficiency over time.

In the three months since passage of the ABLE Act, a handful of states have already enacted enabling legislation, and a majority of states are developing implementation language.

Senate Bill 777-A is Oregon's enabling legislation for the Stephen Beck, Jr., Achieving a Better Life Experience Act of 2014, creating a tax-free savings program for disabled persons.