

SB 1027 -1, -2, -3 STAFF MEASURE SUMMARY

Senate Committee On Human Services

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Meeting Dates: 4/3, 4/10

WHAT THE MEASURE DOES:

Permits transfer of ABLE account funds to estate of deceased designated beneficiary or to another eligible individual's ABLE account. Prohibits Department of Human Services (DHS) and Oregon Health Authority (OHA) from seeking payment from ABLE account. Restricts Oregon 529 Savings Network, Oregon 529 Savings Board, board members, and State of Oregon from insuring or guaranteeing rate of return on ABLE account contribution, and limits liability of those entities for losses. Specifies designated beneficiary of qualified higher education account may direct investment contributions or earnings by selecting between offered investment options. Declares emergency, effective on passage.

FISCAL: May Have Fiscal Impact, But No Statement Yet Issued

REVENUE: May Have Revenue Impact, But No Statement Yet Issued

ISSUES DISCUSSED:

- Provisions of measure and amendment
- Current functioning of ABLE accounts in Oregon
- Possible Amendments

EFFECT OF AMENDMENT:

-1 Authorizes Oregon 529 Savings Board to enter agreements to provide services related to other states' ABLE programs.

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-2 Clarifies that DHS and OHA can only seek payment from ABLE account as provided by federal law.

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-3 Authorizes Oregon 529 Savings Board to enter agreements to provide services related to other states' ABLE programs. Clarifies that DHS and OHA can only seek payment from ABLE account as provided by federal law.

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BACKGROUND:

Federal law authorizes states to create ABLE account programs, which create tax-exempt savings accounts for eligible individuals with disabilities to put money for use on qualified disability expenses without losing disability benefits. Oregon law creates a state ABLE program, which is administered by the Oregon 529 Savings Board (529 Board). The 529 Board establishes investment policies for ABLE accounts.

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Senate Bill 1027 permits the funds in the ABLÉ account of a deceased designated beneficiary to be transferred to the deceased beneficiary's estate or to the ABLÉ account of another eligible individual. The Department of Human Services (DHS) and Oregon Health Authority (OHA) are restricted from recovering incorrectly paid medical assistance payments from ABLÉ accounts. The measure restricts Oregon 529 Savings Network financial institutions, 529 Board, board members, and the state itself from guaranteeing rates of return or insuring any ABLÉ account, and those entities have limited liability to losses incurred by any person participating in the network.

Senate Bill 1027 also establishes that only the 529 Board or Oregon 529 Savings Network financial institutions have the right to direct the investments for ABLÉ accounts and qualified higher education accounts. Designated beneficiaries of those accounts can direct investment of contributions through their selection of investment options.