

SB 1027 STAFF MEASURE SUMMARY

House Committee On Human Services and Housing

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Meeting Dates: 5/4

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 except as provided by federal law. Restricts Oregon 529 Savings Network, Oregon 529 Savings Board (529 Board), board members, and State of Oregon from guaranteeing rate of return on ABLE accounts, and limits liability for losses. Permits 529 Board to enter agreements regarding other states' ABLE programs. Specifies designated beneficiary of qualified higher education account may direct investments by selecting offered investment options. Declares emergency, effective on passage.

Fiscal = Indeterminate fiscal impact

Revenue = Minimal revenue impact

ISSUES DISCUSSED:

EFFECT OF AMENDMENT:

No amendment.

BACKGROUND:

Federal law authorizes states to create ABLE account programs. ABLE accounts are tax-exempt savings accounts for eligible individuals with disabilities to put money in to 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.

Senate Bill 1027-A permits the funds in the ABLE account of a deceased designated beneficiary to be transferred to the deceased beneficiary's estate or to the ABLE 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 ABLE accounts except as provided by federal law. The measure restricts Oregon 529 Savings Network financial institutions, the 529 Board, board members, and the state itself from guaranteeing rates of return or insuring any ABLE account, and those entities have limited liability for losses incurred by any person participating in the network.

Senate Bill 1027-A also establishes that only the 529 Board or Oregon 529 Savings Network financial institutions have the right to direct the investments for ABLE accounts and qualified higher education accounts. Designated beneficiaries of those accounts can direct investment of contributions through their selection of investment options. Finally, the measure permits the 529 Board to enter into agreements with other states concerning the provision of services through other ABLE programs.