

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **HB 833** HLS 14RS 1048

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

REVISED

Date: April 14, 2014	2:14 PM	Author: FOIL
Dept./Agy.: Health and Hospitals		Analyst: Patrice Thomas
Subject: Louisiana ABLE Act		

EXCEPTIONAL PERSONS

RE DECREASE GF RV See Note

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Creates the ABLE Account savings program for persons with significant disabilities

Proposed law shall be known as the "Achieving a Better Life Experience in Louisiana Act" or "Louisiana ABLE Act." Proposed law creates the ABLE Account Program, administered by the ABLE Account Authority, to encourage and assist individuals and families in saving private funds to pay qualified disability expenses (tax-free savings accounts for individuals with disabilities). The proposed law provides ABLE funds will supplement not replace benefits provided through private insurance, Medicaid, Social Security, employment, and other income sources, allowing families with sons or daughters with significant disabilities a means to provide for extra costs associated with every day activities and community participation. Proposed law defines "qualified disability expense". Proposed law provides that the program be treated as a qualified tuition program and the accounts provided for in the Louisiana Student Tuition Assistance and Revenue Trust ("START") program. Proposed law places the ABLE Account Authority within DHH. Proposed law provides for members of the ABLE Account Authority and the promulgation of rules by the authority. Proposed law contingent upon authorizing amendment of the IRS code.

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

REVENUES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

EXPENDITURE EXPLANATION

This proposed legislation will increase state expenditures by a nominal amount as a result of per diem and travel expense reimbursement associated with meetings of the ABLE Account Authority. The proposed legislation creates the ABLE Account Program and the ABLE Account Authority within the Department of Health and Hospitals (DHH). The ABLE Account Program is a savings plan for people with disabilities similar to a college savings plan. The funds in the savings plan must be used for disability related expenses. The ABLE Account Authority will administer the ABLE Account Program with a commission represented by seven members of the following organizations: LA Developmental Disabilities Council, Governor's Office of Disability Affairs, LA Rehabilitation Services, LA Bankers' Association, House of Representative, Senate, and State Treasurer (ex-officio voting member).

According to DHH, the ABLE Account Program and ABLE Account Authority will be placed within the Office for Citizens' with Developmental Disabilities (OCDD). To administer the ABLE Account Program, an existing Program Manager position will dedicate a portion of their time performing duties on behalf of the authority. Therefore, this legislation will not increase staff expenses within the department. In addition, the proposed legislation requires the ABLE Account Authority to meet at least annually. The Legislative Fiscal Office anticipates an indeterminable amount of state expenditures associated with some members of the ABLE Account Authority receiving per diem and travel expense reimbursement depending the frequency of meetings.

REVENUE EXPLANATION

In accordance with R.S. 47:293(9)(a)(vi), START account holders can exempt up to \$2,400 (\$4,800 if filing jointly) per beneficiary from taxable income. A taxpayer who donates to a START account may exempt \$4,800 (\$9,600 if filing jointly) from taxable income. The proposed legislation provides that the ABLE Account Program shall be treated in the same manner as the Louisiana Student Tuition Assistance and Revenue Trust (START) Program.

The bill's provisions are contingent upon enactment of amendments to Section 529 of the federal Internal Revenue Code establishing tax-advantaged savings accounts for persons with disabilities. This requirement means there is no effective impact of the bill on state revenue collections until tax filings of the first tax year affected by a federal code change. However, the bill does contemplate a new state income tax deduction, and that is what is depicted in the table above.

Should the program become effective, state revenue effects are likely to be small initially and increase over time as the new program is utilized by eligible households in the state.

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| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & S} |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | | | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

Gregory V. Albrecht
Chief Economist