

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 999 - SB 1162

March 24, 2015

SUMMARY OF BILL: Enacts “The Achieving a Better Life Experience Act” (ABLE) for the purpose of establishing a qualified program for assisting eligible individuals in saving money to meet the eligible individual’s qualified disability expenses. Requires the Commissioner of Finance and Administration, the Chair of the Finance, Ways and Means Committee of the Senate, the Chair of the Finance, Ways and Means Committee of the House of Representatives, and the State Treasurer to serve as trustees for a qualified ABLE program.

Authorizes the State Treasurer to establish a qualified ABLE program through implementation, administration, operation, marketing, investment options, customer service, and investment management services for participants. Authorizes the State Treasurer to modify the terms of the plan with the concurrence of the Commissioner of the Department of Finance and Administration. Declares that the State Treasurer has powers and authorities to carry out the provisions of this act.

Requires the qualified ABLE program to allow one or more persons to make contributions for a taxable year into an account for the benefit of an eligible individual who is also the designated beneficiary during the taxable year, and limits one account per individual or designated beneficiary who is a resident of Tennessee or a contracting state. Requires State Treasurer to submit notice to the Secretary of the United States Department of the Treasury at the time an account is established.

Exempts all assets, income, and distributions of qualified ABLE programs from any state, county, or municipal tax nor be subject to execution, attachment, or garnishment, and enforceable in any court. Requires exemption to include a qualified ABLE program defined in § 529A of the Internal Revenue Code, codified in 26 U.S.C. § 529A, including any properly authorized payments made to or by such funds.

Authorizes trustees to suspend or terminate the program immediately if upon determination that the program is financially infeasible or not beneficial to the citizens of the state of Tennessee. Requires that all personnel information be confidential except in certain circumstances. Establishes procedures, requirements, and regulations within the act.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures –
\$177,000/Unclaimed Property Reserve Fund/FY15-16
\$250,400/Unclaimed Property Reserve Fund/FY16-17

HB 999 - SB 1162

\$265,300/Unclaimed Property Reserve Fund/FY17-18
\$280,300/Unclaimed Property Reserve Fund/FY18-19
\$300,300/Unclaimed Property Reserve Fund/FY19-20 and
Subsequent Years

Assumptions:

- Based on the information received by the Department of Treasury (DOT), this bill will require the State Treasurer to establish a plan for implementation and administration of the ABLÉ program and carrying out the day-to-day responsibilities for operating the program should the State Treasurer decide to establish the program.
- Any investments made into ABLÉ accounts will be assets that would be invested in other places under current law. As a result, it is not anticipated that monies invested in ABLÉ accounts would otherwise be funds that would be spent in the economy from which state and local governments would receive sales and use tax revenue. Therefore, any revenue impact to state and local government is estimated to be not significant.
- Based on the information received by the DOT, the increase in state expenditures from the Unclaimed Property Reserve Fund in FY15-16 is estimated to be \$176,971 (\$6,250 subaccount fees + \$7,500 professional liability insurance + \$27,058 service counselor position + \$12,500 printing/supplies + \$65,288 indirect support costs + \$50,000 product development + \$5,000 one-time setup costs + \$3,375 onsite training).
- Based on the information received by the DOT, the increase in state expenditures from the Unclaimed Property Reserve Fund in FY16-17 is estimated to be \$250,441 (\$42,000 license/maintenance + \$18,750 subaccount fees + \$15,000 professional liability insurance + \$54,116 service counselor position + \$25,000 printing/supplies + \$95,575 indirect support costs).
- Based on the information received by the DOT, the increase in state expenditures from the Unclaimed Property Reserve Fund in FY17-18 is estimated to be \$265,314 (\$42,000 license/maintenance + \$31,250 subaccount fees + \$15,000 professional liability insurance + \$55,739 service counselor position + \$25,750 printing/supplies + \$95,575 indirect support costs).
- Based on the information received by the DOT, the increase in state expenditures from the Unclaimed Property Reserve Fund in FY18-19 is estimated to be \$280,259 (\$42,000 license/maintenance + \$43,750 subaccount fees + \$15,000 professional liability insurance + \$57,412 service counselor position + \$26,523 printing/supplies + \$95,575 indirect support costs).
- Based on the information received by the DOT, the recurring increase in state expenditures from the Unclaimed Property Reserve Fund beginning in FY18-19 is estimated to be \$300,277 (\$42,000 license/maintenance + \$56,250 subaccount fees + \$20,000 professional liability insurance + \$59,134 service counselor position + \$27,318 printing/supplies + \$95,575 indirect support costs).

IMPACT TO COMMERCE:

NOT SIGNIFICANT

Assumption:

- All investments made into ABLE accounts are assumed to be assets that would have been invested in other places under current law; as a result, any impact to commerce is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Jeffrey L. Spalding". The signature is written in a cursive, flowing style.

Jeffrey L. Spalding, Executive Director

/tdb