

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 598** HLS 15RS 928

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 11, 2015 8:05 AM	<b>Author:</b> FOIL
<b>Dept./Agy.:</b> Department of Education	<b>Analyst:</b> Charley Rome
<b>Subject:</b> Makes Changes to the Louisiana ABLE Act	

EXCEPTIONAL PERSONS RE DECREASE GF RV See Note Page 1 of 1  
Provides for implementation of the ABLE Account savings program for persons with disabilities

Proposed law provides for full implementation of the ABLE Account program in a manner consistent with provisions of the Stephen Beck, Jr., ABLE Act of 2014 (Pub. L. 113-295), enacted Dec. 19, 2014, and referred to hereafter as "the federal ABLE Act". The bill transfers the ABLE Account Authority from within the Department of Health and Hospitals to the Department of Education. The bill revises definitions in present law in the following manner to provide for consistency with the federal ABLE Act: (1) Amends definitions of "ABLE Account", "ABLE Account Program" and "program", and "qualified disability expense". (2) Adds definitions of "designated beneficiary" and "eligible individual". (3) Repeals definitions of "beneficiary", "department", and "person with a disability". Proposed law adds full compliance with the federal ABLE Act as a purpose of the program. The bill revises present law to provide for treatment of the program consistent with Section 529A of the Internal Revenue Code, as enacted by the federal ABLE Act, relative to qualified ABLE programs and deletes all provisions providing for equivalency of the program with qualified tuition programs provided for in the Internal Revenue Code.

EXPENDITURES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						

REVENUES	2015-16	2016-17	2017-18	2018-19	2019-20	5 -YEAR TOTAL
State Gen. Fd.	DECREASE	DECREASE	DECREASE	DECREASE	DECREASE	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

State general fund expenditures will increase by unknown amounts from the proposed legislation due to the following costs: 1) Per diem/travel expenses associated with meetings of the ABLE Account Authority. 2) Staff costs associated with supporting the ABLE Account Authority. 3) Rule development/publication costs. 4) Promotion/informational material development related to ABLE Accounts. 5) Mail costs/supplies. 6) Website support. 7) Audit costs. 8) Programming support. 9) Other operational costs. The proposed legislation moves the ABLE Account Authority from the Department of Health and Hospitals to the Department of Education under L.R.S. 36:651. This citation is a broad reference to the "Department of Education", and does not assign the authority to a specific agency. As such, there is no agency to provide staffing or operational assistance to the authority. The Louisiana Office of Student Financial Assistance (LOSFA) anticipates co-locating administrative and clerical functions for the ABLE Account Program with the START Saving Program and will be responsible for the administration of the ABLE Account Program. LOSFA will be able to assume the administration and management functions related to the ABLE Accounts without requiring additional staff in the early years of the program. However, LOSFA will incur the following estimated costs related to these responsibilities: programming costs (one-time costs of less than \$50,000), audit costs (\$44,000 per year), and administrative costs including rule making, promotional materials, IT support, etc. (\$10,000 per year). The Louisiana Department of Revenue anticipates approximately \$33,000 in one-time costs for the following items related to the bill: computer system development/modification, tax form redesign, and testing.

**REVENUE EXPLANATION**

The proposed legislation will decrease state general fund revenues by unknown amounts in FY16 and thereafter due to exclusion of ABLE Account deposits from Louisiana taxable income. In accordance with R.S. 47:293(9)(a)(vi), Louisiana Student Tuition Assistance and Revenue Trust (START) Program account holders can exempt up to \$2,400 (\$4,800 if filing jointly) per beneficiary from taxable income. ABLE Account Program will be treated in the same manner as START accounts that are authorized under Section 529 of the Internal Revenue Code.

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|--|----------------------------|-------|--|
| Senate   | <u>Dual Referral Rules</u> | House | <input checked="" type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}         |
| <input checked="" type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} |                            |       | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {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} |

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