HOUSE BILL 983:
ABLE Act Changes/Study.

Committee:	House Health. If favorable, re-refer to Finance	**Date:**	May 29, 2018
Introduced by:	Reps. Bradford, Dollar, Lambeth, Sauls	**Prepared by:**	Theresa Matula
Analysis of:	First Edition		Legislative Analyst

OVERVIEW: House Bill 983 would allow funds from a Parental Savings Trust Fund to rollover to an ABLE (Achieving a Better Life Experience) account without the funds being treated as income and direct the ABLE Board of Trustees to report any recommendations for legislative modifications to the ABLE Program by December 1, 2018. The bill was a recommendation from the Joint Legislative Research Commission, Committee on Intellectual and Developmental Disabilities.

BILL ANALYSIS:

Under current law, G.S. 105-153.5(c) outlines the items that an individual taxpayer must add to the taxpayer's adjusted gross income if they are not already included. Subdivision (7) under this subsection addresses amounts withdrawn from the Parental Savings Trust Fund of the State Education Assistance Authority and not used to pay for qualified higher education expenses of the designated beneficiary unless the withdrawal was made due to the death or permanent disability of the designated beneficiary. **Section 1** of House Bill 983 excludes amounts withdrawn from the Parental Savings Trust Fund and not used to pay for the qualified higher education expenses of the designated beneficiary if the withdrawal was made pursuant to section 529 of the Code and was rolled over to an ABLE account established and owned by an eligible individual and maintained under Chapter 147, Article 6F Achieving a Better Life Experience Program Trust.

Section 2 of the bill requires the ABLE Board of Trustees to report to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on General Government recommendations for legislative modifications that may be needed to the ABLE Act. The report may include recommendations pertaining to recent changes to federal law and improvements for administration of the program and must be made by December 1, 2018.

EFFECTIVE DATE: Section 1, containing the amendment to tax statutes, is effective for taxable years beginning on or after January 1, 2018. The remainder of the act is effective when it becomes law.

BACKGROUND: Congress enacted the ABLE Program as provided under the Tax Increase Prevention Act of 2014, Pub. L. No. 113-295. S.L. 2015-203 established the ABLE Act in North Carolina. The ABLE Program Trust is administered by the ABLE Program Board of Trustees and enables contributors to save funds to meet the costs of the qualified disability expenses of eligible individuals.

The Legislative Research Commission, Committee on Intellectual and Developmental Disabilities, presented the finding below in their 2018 report.

"A change in federal law applicable to ABLE accounts was recently enacted on December 22, 2017, when President Trump signed H.R. 1, the Tax Cuts and Jobs Act, into law. Federal law now allows the rollover of funds from 529 qualified tuition plans into 529A (ABLE) accounts, up to the annual maximum contribution amount. Modifying State law to

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exempt a withdrawal of funds from a Parental Savings Trust Fund when rolled over to an ABLE account from the requirement that the withdrawn funds be added to the taxpayer's adjusted gross income would preserve the intent of tax exclusions already granted to holders of Parental Savings Trust Funds and would be beneficial to individuals with IDD. Additional changes to State law applicable to ABLE accounts that would benefit individuals with IDD and promote their ability to work should be explored further."

The NC ABLE Program's Annual Evaluation and Report for 2017 was provided to the Joint Legislative Oversight Committee on Health and Human Services and the Joint Legislative Oversight Committee on General Government on February 14, 2018.