

**HF161 - 1E - "ABLE Accounts Established"**

Chief Author: **Nick Zerwas**  
 Committee: **Health and Human Services Finance**  
 Date Completed: **04/07/2015**  
 Lead Agency: Human Services Dept  
 Other Agencies:  
     Revenue Dept                      Investment Board  
     Office Of Higher Education

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
<b>Human Services Dept</b>						
General Fund	-	626	584	552	552	
Restrict Misc. Special Revenue	-	-	-	-	-	-
<b>State Total</b>						
General Fund	-	626	584	552	552	
Restrict Misc. Special Revenue	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>626</b>	<b>584</b>	<b>552</b>	<b>552</b>	
<b>Biennial Total</b>			<b>1,210</b>			<b>1,104</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
<b>Human Services Dept</b>					
General Fund	-	1	.5	-	-
Restrict Misc. Special Revenue	-	-	.5	1	1
<b>Total</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

**Lead Executive Budget Officer's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Susan Earle      Date: 04/07/2015  
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**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
<b>Dollars in Thousands</b>		<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>
<b>Human Services Dept</b>						
General Fund	-	626	584	552	552	
Restrict Misc. Special Revenue	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>626</b>	<b>584</b>	<b>552</b>	<b>552</b>	<b>552</b>
	<b>Biennial Total</b>		<b>1,210</b>			<b>1,104</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
Human Services Dept						
General Fund	-	963	899	850	850	
Restrict Misc. Special Revenue	-	-	49	98	98	
<b>Total</b>	<b>-</b>	<b>963</b>	<b>948</b>	<b>948</b>	<b>948</b>	<b>948</b>
	<b>Biennial Total</b>		<b>1,911</b>			<b>1,896</b>
<b>2 - Revenues, Transfers In*</b>						
Human Services Dept						
General Fund	-	337	315	298	298	
Restrict Misc. Special Revenue	-	-	49	98	98	
<b>Total</b>	<b>-</b>	<b>337</b>	<b>364</b>	<b>396</b>	<b>396</b>	<b>396</b>
	<b>Biennial Total</b>		<b>701</b>			<b>792</b>

**HF161 - 1E - "ABLE Accounts Established"**

Chief Author: **Nick Zerwas**  
 Committee: **Health and Human Services Finance**  
 Date Completed: **04/07/2015**  
 Agency: **Revenue Dept**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
<b>Total</b>	-	-	-	-	-

**Executive Budget Officer's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

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**State Cost (Savings) Calculation Details**

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019	
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

**Bill Description**

The bill establishes a savings plan, known as the Minnesota ABLÉ plan. The MN ABLÉ ("Minnesota Achieving a Better Life Experience Act"), similar to the federal ABLÉ Act signed into law in December 2014, allows people with disabilities and their families to create a tax-exempt savings account where the account funds can be used for qualified expenses for the disabled person.

**Assumptions**

The Department of Revenue (DOR) does not anticipate incurring administrative costs or savings as a result of this proposal, because Minnesota enacted federal conformity with the federal ABLÉ Act. DOR anticipates that inquiries about specific qualification requirements would be referred to the IRS.

The revenue impact from ABLÉ was determined with the 2015 Federal Update Bill that was enacted earlier this session in January, 2015. As such, the impact is included in the February forecast.

**Expenditure and/or Revenue Formula**

**Long-Term Fiscal Considerations**

**Local Fiscal Impact**

**References/Sources**

**Agency Contact:** Lisa Knops (651) 556-6754

**Agency Fiscal Note Coordinator Signature:** Lisa Knops

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**HF161 - 1E - "ABLE Accounts Established"**

Chief Author: **Nick Zerwas**  
 Committee: **Health and Human Services Finance**  
 Date Completed: **04/07/2015**  
 Agency: **Investment Board**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
<b>Total</b>	-	-	-	-	-

**Executive Budget Officer's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Katharine Barondeau

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**State Cost (Savings) Calculation Details**

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\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019	
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

**Bill Description**

The SBI believes that no additional staff is needed and would anticipate limited expense to the SBI. This language is similar to the investment management authority given to the SBI for the Minnesota College Saving Plan outlined in Minnesota Statute 136G.07. This language would allow the SBI and Commissioner of Human Services to contract with a third party for investment management, record keeping or other services in connection with investing the accounts. We do not know what those costs might be.

It is our understanding that this account would be established to pay for disability-related expenses on behalf of designated beneficiaries as outlined in statute and would not be commingled with other assets the SBI manages.

**Assumptions**

SBI would work with DHS to contract a third party.

**Expenditure and/or Revenue Formula**

**Long-Term Fiscal Considerations**

**Local Fiscal Impact**

**References/Sources**

**Agency Contact:** Patc Ammann

**Agency Fiscal Note Coordinator Signature:** Paul Anderson

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**HF161 - 1E - "ABLE Accounts Established"**

Chief Author: **Nick Zerwas**  
 Committee: **Health and Human Services Finance**  
 Date Completed: **04/07/2015**  
 Agency: **Office Of Higher Education**

State Fiscal Impact	Yes	No
Expenditures		X
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

State Cost (Savings)	Biennium			Biennium		
	Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
<b>Total</b>	-	-	-	-	-

**Executive Budget Officer's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Amelia Cruver      Date: 3/30/2015 2:22:47 PM  
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**State Cost (Savings) Calculation Details**

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<b>State Cost (Savings) = 1-2</b>		Biennium			Biennium	
Dollars in Thousands	FY2015	FY2016	FY2017	FY2018	FY2019	
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-
<b>2 - Revenues, Transfers In*</b>						
<b>Total</b>	-	-	-	-	-	-
<b>Biennial Total</b>			-			-

**Bill Description**

The bill establishes ABLE accounts to encourage individuals and families to save to be able to support individuals with disabilities to maintain health, independence, and quality of life. OHE's role within the proposed bill is limited to providing consultation to the Commissioner of Human Services when designing and establishing the plan's requirements and in negotiating or entering contracts with third parties.

**Assumptions**

We assume that OHE's role is strictly limited to providing guidance around OHE's experience with the college 529 plans and TIAA Cref. If the scope is larger than that, there may be costs for the Office.

**Expenditure and/or Revenue Formula**

**Long-Term Fiscal Considerations**

**Local Fiscal Impact**

**References/Sources**

**Agency Contact:** Thomas Sanford

**Agency Fiscal Note Coordinator Signature:** Thomas Sanford

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HF161 - 1E - "ABLE Accounts Established"

Chief Author: **Nick Zerwas**  
 Committee: **Health and Human Services Finance**  
 Date Completed: **04/07/2015**  
 Agency: **Human Services Dept**

State Fiscal Impact	Yes	No
Expenditures	X	
Fee/Departmental Earnings		X
Tax Revenue		X
Information Technology		X
Local Fiscal Impact		X

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions shown in the parentheses.

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General Fund	-	626	584	552	552	
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<b>Total</b>	-	<b>626</b>	<b>584</b>	<b>552</b>	<b>552</b>	<b>552</b>
<b>Biennial Total</b>			<b>1,210</b>			<b>1,104</b>

Full Time Equivalent Positions (FTE)	Biennium			Biennium	
	FY2015	FY2016	FY2017	FY2018	FY2019
General Fund	-	1	.5	-	-
Restrict Misc. Special Revenue	-	-	.5	1	1
<b>Total</b>	-	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>

**Executive Budget Officer's Comment**

I have reviewed this fiscal note for reasonableness of content and consistency with MMB's Fiscal Note policies.

EBO Signature: Susan Earle      Date: 4/6/2015 8:55:04 PM  
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### State Cost (Savings) Calculation Details

This table shows direct impact to state government only. Local government impact, if any, is discussed in the narrative. Reductions are shown in parentheses.

\*Transfers In/Out and Absorbed Costs are only displayed when reported.

<b>State Cost (Savings) = 1-2</b>		<b>Biennium</b>			<b>Biennium</b>	
Dollars in Thousands		<b>FY2015</b>	<b>FY2016</b>	<b>FY2017</b>	<b>FY2018</b>	<b>FY2019</b>
General Fund	-	626	584	552	552	
Restrict Misc. Special Revenue	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>626</b>	<b>584</b>	<b>552</b>	<b>552</b>	<b>552</b>
	<b>Biennial Total</b>		<b>1,210</b>			<b>1,104</b>
<b>1 - Expenditures, Absorbed Costs*, Transfers Out*</b>						
General Fund	-	963	899	850	850	
Restrict Misc. Special Revenue	-	-	49	98	98	
<b>Total</b>	<b>-</b>	<b>963</b>	<b>948</b>	<b>948</b>	<b>948</b>	<b>948</b>
	<b>Biennial Total</b>		<b>1,911</b>			<b>1,896</b>
<b>2 - Revenues, Transfers In*</b>						
General Fund	-	337	315	298	298	
Restrict Misc. Special Revenue	-	-	49	98	98	
<b>Total</b>	<b>-</b>	<b>337</b>	<b>364</b>	<b>396</b>	<b>396</b>	<b>396</b>
	<b>Biennial Total</b>		<b>701</b>			<b>792</b>

### Bill Description

Recently enacted federal law permits certain individuals with disabilities to establish tax deferred savings accounts under section 529 of the internal revenue code. Under the Achieving a Better Life Experience Act (ABLE), account holders are permitted to take distributions from the account to meet certain qualified expenditures including the cost of health care or other services for people with disabilities. Distributions to cover eligible expenditures are not counted against the account holders taxable income.

This legislation requires the Department of Human Services (DHS) to administer individual savings accounts for certain people with disabilities under section 529 of the Internal Revenue Code. The bill defines eligibility for establishing these accounts, clarifies qualifying expenditures that may be paid through disbursed funds, and establishes contribution limits. The legislation requires DHS to conduct marketing activities and gives the agency authority to charge participants fees to recover costs of administering accounts.

### Assumptions

Section 6 requires DHS to ensure that accounts established under this bill meet the requirements for ABLE accounts under section 529 of the Internal Revenue Code. As currently written, this section of the Internal Revenue Code contains provisions for tuition savings accounts, and provisions for the ABLE act are not yet codified. While subdivision 4 permits DHS to charge annual fees to account holders, DHS would incur costs to establish this service or to pay a vendor on its behalf before the public could begin using the accounts, and recipient fees will only be available to cover administrative costs once accounts are established. Until requirements for the accounts are codified in the Internal Revenue Code, costs for establishing this service are incalculable. For this reason, this estimate does not reflect costs to administer ABLE accounts at the Department of Human Services.

Section 4 of the bill requires DHS to conduct marketing for ABLE accounts, but prohibits DHS from funding marketing costs through recipient fees. As a result, this estimate includes the cost of marketing activities. Estimates were developed using figures from the Minnesota Office of Higher Education (OHE) who administers education savings accounts under section 529 of the internal revenue code. This estimate assumes similar costs to conduct marketing activities, and uses an estimate provided to the OHE by a private contractor to conduct marketing on their behalf.

Section 4 also states that the department shall consult with the State Board of Investment on establishing the plans requirements and entering into contracts with third parties. In addition, it states that the Department and the executive director from the State Board of Investment should also establish an annual fee to be imposed on the participants to recover the costs of administration, record keeping and investment management. At this time, we do not have enough information to determine the fee.

This legislation permits DHS to contract with a private entity to administer accounts on its behalf. While the requirements for the ABLE accounts are still undefined in federal rules, DHS would likely contract with a private entity to administer these accounts as the agency does not currently administer savings accounts for the public for any other purpose. This estimate includes costs for 1 FTE for contract management. It is assumed that within 18 months rules will be promulgated and enough revenue will be generated from fees to cover the cost of this FTE.

This bill does not make any changes to state statutes regarding Medical Assistance income and asset eligibility, so it is assumed that the current requirements apply to the ABLE accounts. As a result, this bill does not affect the Medical Assistance program.

**Expenditure and/or Revenue Formula**

**Section 4**

		Marketing and Contract Management			
		FY 16	FY 17	FY 18	FY 19
Admin: General Fund		850	850	850	850
1 FTE		113	49	0	0
FFP		(337)	(315)	(298)	(298)
Net cost		626	584	552	552

Fiscal Tracking Summary (\$000s)						
Fund	BACT	Description	FY2016	FY2017	FY2018	FY2019
GF	14	Admin Marketing	850	850	850	850
GF	14	CCA FTE start-up from GF	113	49	0	0
DED	14	CCA Admin FTE ongoing fees supported	0	49	98	98
GF	REV1	35% FFP	(337)	(315)	(298)	(298)
DED	14	Special Revenue Fees	0	(49)	(98)	(98)
		<b>Total Net Fiscal Impact</b>	<b>626</b>	<b>584</b>	<b>552</b>	<b>552</b>

Fiscal Tracking Summary (\$000s)						
		Full Time Equivalents	1	1	1	1

**Long-Term Fiscal Considerations**

The marketing costs will need to be ongoing. Fees will also need to be administered on an ongoing basis to administer the accounts.

**Local Fiscal Impact**

NA

**References/Sources**

DHS research and analysis

**Agency Contact:** Kari Irber 651-431-3491

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