



HOWARD MARKLEIN

STATE SENATOR • 17TH SENATE DISTRICT

Senator Howard Marklein Testimony in Support of Senate Bill 604

Good morning Senators, and thank you for the opportunity to testify in favor of Senate Bill 604. This bill is a follow up to changes we made in the 2015-17 budget. In this past budget we included language allowing for the establishment of Achieving Better Life Experience (ABLE) accounts in Wisconsin.

ABLE accounts are 529-A savings accounts that can be set up to support an individual with disabilities. These accounts are set up in the traditional 529 structure, allowing tax exempt deposits into the account. Money in the account may be used for education, housing, transportation, health services, and several other areas helpful for achieving an independent and fulfilling life for those with disabilities. In addition, any assets set aside in an ABLE account are not included in an individual's eligibility for means tested programs, such as long-term care.

We still believe this is a valuable and innovative tool for families to utilize in Wisconsin. Several changes since passage of the budget have made us reassess the most effective way to implement these accounts in our state. In December the Federal Government passed a tax extenders bill that removed the residency requirement for ABLE accounts. Until now, each state was required to set up their own ABLE programs because citizens were bound by state residency requirements. With the passage of this bill, that requirement is no longer applicable, giving everyone access to a nationwide marketplace of ABLE accounts.

We were also approached by the Department of Administration (DOA) after the budget with estimates of the time and money it would take to set up an ABLE program. DOA estimated it would need two full time equivalent positions and annual costs of nearly \$336,000 to create and administer the ABLE program.

With the changes at the federal level in December, there is a far better and more efficient way to allow Wisconsin residents to enjoy the benefits of ABLE accounts. This bill effectively allows Wisconsin residents to utilize ABLE accounts already in existence across the country, while still qualifying for a state tax deduction. Wisconsin residents can reap the benefits of ABLE accounts while the state avoids the overhead and management costs of a self-run program.

Thank you again for allowing me the opportunity to testify in support of this bill, and I would welcome any questions.



JOHN J. MACCO

STATE REPRESENTATIVE • 88TH ASSEMBLY DISTRICT

Thank you Chairman Marklein and members of the Senate Committee on Revenue, Financial Institutions, and Rural Issues for hearing SB 604. To give background, in December 2014 the US Congress passed the Achieve a Better Life Experience legislation, better known as ABLE, which allowed states to implement special tax-advantaged savings accounts for certain individuals with disabilities, similar to traditional 529 college savings accounts, only now under 529-A.

This new tool will allow many Wisconsin residents with disabilities to provide for themselves and plan for continuing education and other life expenses heretofore only available to non-disabled individuals. You will recall that our original bill enjoyed wide spread bi-partisan co-sponsorship prior to being included in the last budget.

Mr. DiUlio, Deputy Secretary Zueske and the whole Department of Administration team worked diligently with our office over the last six months to set in motion the infrastructure to bring this tool to our Wisconsin disabled community.

However, this past December, as states struggled to implement this new program, the United States Congress eliminated residency requirements for ABLE accounts. This seemingly small change will insure those who would benefit most, now have expeditious access to this very valuable tool and have greater choices and competitive options. This Congressional change also made it unnecessary for the state of Wisconsin to continue working on a proprietary program.

Therefore, our bill today eliminates portions of the Wisconsin ABLE legislation requiring DOA to implement a Wisconsin program while retaining the advantages, planning options and tax advantage portions for qualified participants. The net effect of this bill is to fulfill our promise made last year to our disabled community by allowing them access to 529-A ABLE accounts much faster and with more choices. We also are saving Wisconsin tax payers the expense of creating and overseeing a proprietary program, and our DOA the burden of administering one.

Thank you once again for hearing this bill today, and I look forward to your support.

Sincerely,

A handwritten signature in black ink, appearing to read "John Macco", written over a large, stylized, light-colored graphic element that resembles a signature or a large letter 'J'.

John Macco
Representative
88th Assembly District



Survival Coalition

of Wisconsin Disability Organizations

P.O. Box 7222, Madison, Wisconsin 53707

DATE: 1-28-2016

From: Survival Coalition of Disability Organizations

To: Chairperson Marklein and Members, Senate Committee on Revenue, Financial Institutions, and Rural Issues

RE: Senate Bill 604

The Survival Coalition of Wisconsin Disability Organizations is comprised of over 30 statewide groups representing people with all disabilities of all ages, their family members, advocates and providers of disability services. Survival Coalition is a strong supporter of the ABLE Act, and we thank you for the opportunity to provide testimony on Senate Bill 604.

While we understand the technical nature and proposed reasons for this bill, we have a few simple suggestions that we hope you will adopt to ensure that Wisconsin families and individuals with disabilities can access these accounts without concern.

ABLE accounts allow people with disabilities to achieve a very basic right: the ability to save for their future. These accounts allow people with disabilities and their families to set aside private funds that can be used to pay for expenses related to their disability without losing access to needed benefits offered by public assistance programs, such as Medicaid. Currently, the asset limit for most Elderly, Blind and Disabled (EBD) Medicaid programs is set at \$2,000 for an individual. This often puts people with disabilities in a situation where they must choose between financial security and access to critical health care services.

Medicaid provides affordable, quality health coverage to individuals with disabilities. Many people with disabilities do not have access to private health insurance or cannot have all of their needs met through private insurance plans—this is especially true for people who rely on non-emergency medical transportation, home care services or need comprehensive mental health and substance abuse services. Medicaid helps people with disabilities see primary care doctors, receive personal care services, go to the dentist, see therapists and obtain other needed medical services and equipment. It is a very important program for people with disabilities that, unfortunately, requires them to live in poverty.

ABLE accounts will relieve some of the financial pressures experienced by individuals with disabilities and their families. This will create more financial independence for people with disabilities and help them to maintain good health and quality of life.

SB 604 would repeal Wisconsin-specific ABLE accounts and instead allow families to invest in ABLE accounts created by other states. Survival Coalition encourages you to add the following

consumer protections to the bill to ensure that Wisconsin families are aware of their right to invest in ABLE accounts:

- Development of a brochure and a page on either the Department of Financial Institution's or Department of Administration's website to make Wisconsin families aware of the existence of ABLE accounts, the steps that need to be taken to set up an account and answers to Frequently Asked Questions.
- Development and maintenance of a list of states that currently offer ABLE accounts. This list should include information or resources for contacting those states. For example, a link to the state's relevant website or telephone number of the state agency in charge of the accounts.
- Authorize the Department of Agriculture, Trade and Consumer Protection to take consumer complaints, investigate and take action on ABLE Act account violation cases.

In addition, Survival Coalition is concerned that while families that invest in ABLE accounts created by other states will have their investments exempt from federal means testing for programs like Medicaid that these investments may not be exempt from state and local means testing. The intent of the ABLE Act was to create a tax-free savings vehicle for people with disabilities that would not disqualify them from means-tested programs like Social Security and Medicaid. We encourage you to take steps to ensure that Wisconsin families can invest in ABLE accounts created by other states without losing access to Wisconsin-based safety net programs.

Thank you for your consideration.

Sincerely,

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