



**WISCONSIN LEGISLATIVE COUNCIL
AMENDMENT MEMO**

2015 Assembly Bill 731	Assembly Amendments 1 and 2
<i>Memo published:</i> March 14, 2016	<i>Contact:</i> Brian Larson, Staff Attorney (266-0680)

2015 ASSEMBLY BILL 731

2015 Assembly Bill 731 modifies provisions created in 2015 Wisconsin Act 55 authorizing the creation of accounts in the state pursuant to the federal Achieving a Better Life Experience Act of 2014 (“ABLE Accounts”).

Under federal law, an ABLE Account may be established for a beneficiary who has become blind or severely disabled prior to age 26. Nontaxable withdrawals of account proceeds are allowed for qualified expenses, such as education, housing, and transportation costs. A balance of up to \$100,000 will be disregarded for Medicaid eligibility purposes.

2015 Wisconsin Act 55 (“Act 55”) authorizes the creation of ABLE Accounts in the state, and provides a state income tax deduction for contributions. In addition, as under federal law, withdrawals for qualified expenses will not be subject to state income tax. Act 55 requires the Department of Administration (DOA) to promulgate rules to implement and administer state regulations concerning ABLE Accounts. Upon the death of an ABLE Account beneficiary, proceeds may be recoverable, under the estate recovery program, as reimbursement for certain public assistance provided after the creation of the ABLE Account.

2015 Assembly Bill 731 (“AB 731”) repeals the provisions under Act 55 authorizing the creation of ABLE Accounts in the state and requiring DOA to promulgate rules to implement and administer the program. However, with respect to contributions to or withdrawals from an ABLE Account created in another state, AB 731 retains the same preferential tax treatment as under Act 55. AB 731 also retains the provision specifying that proceeds are subject to estate recovery for certain public assistance provided after the creation of the ABLE Account.

ASSEMBLY AMENDMENT 1

Assembly Amendment 1 (“AA 1”) to AB 731 makes several changes to the bill based on a technical memorandum issued by the Department of Revenue to the Legislative Reference Bureau. These changes include a provision to ensure that a deposit that is a rollover contribution or a transfer because of a change in beneficiary will not trigger a tax or lead to an adjustment in state income.

ASSEMBLY AMENDMENT 2

Assembly Amendment 2 (“AA 2”) to AB 731 provides that under state statutes, as under federal law, ABLE Account proceeds will be disregarded for eligibility determinations under the Medicaid program.

BILL HISTORY

On February 1, 2016, Representative Macco offered AA 1. On February 3, 2016, the Assembly Committee on Ways and Means recommended adoption of AA 1, and passage of the bill, as amended, on votes of Ayes, 13; Noes, 0.

On February 11, 2016, Representative Macco offered AA 2. On February 16, 2016, the Assembly adopted AA 1 and AA 2, on voice votes, and passed AB 731, as amended, on a vote of Ayes, 63; Noes, 35; and Not Voting, 1.

BL:jal