



2021 SENATE BILL 158

February 24, 2021 - Introduced by Senators JACQUE and BALLWEG, cosponsored by Representatives MURSAU, JAGLER, LOUDENBECK, MOSES, MURPHY, PETRYK, ROZAR, SUMMERFIELD, TAUCHEN, THIESFELDT, TUSLER and WICHGERS. Referred to Committee on Financial Institutions and Revenue.

- 1 **AN ACT relating to:** requiring the Department of Financial Institutions to study
2 and report on establishing a section 529A ABLE savings account program.

Analysis by the Legislative Reference Bureau

This bill requires the Department of Financial Institutions to study and report on establishing a Wisconsin qualified ABLE program under section 529A of the Internal Revenue Code allowing tax-exempt accounts for qualified expenses incurred by individuals with disabilities.

Under current federal law, states may create a qualified Achieving a Better Life Experience program under which an individual may establish a tax-exempt savings account to pay for qualified expenses, such as education, housing, and transportation costs, for a beneficiary who is an individual with disabilities, as defined under federal law. Although these accounts, commonly referred to as "ABLE accounts" or "section 529A accounts," cannot be established under this state's law, they can be established under another state's law, and if so established, withdrawals from these accounts for payment of qualified disability expenses for the account beneficiary are exempt from taxation in this state.

This bill requires DFI to conduct a study to examine the advantages and disadvantages of the following options in establishing a Wisconsin ABLE program for this state's residents: 1) DFI establishes and administers the ABLE program; or 2) DFI enters into an agreement with another state, or with an entity representing an alliance of states, to establish and administer the ABLE program. The study must include review and evaluation by DFI of certain matters, including each option's potential costs; the impact of each option on Wisconsin residents' program choice, tax

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benefits, and account fees; and ABLE programs offered by other states. DFI must report to the legislature the results of the study, including DFI's findings and recommendations, by approximately six months after the bill's effective date.

For further information see the state fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1. Nonstatutory provisions.**

2 (1) SUPPORT ACCOUNTS FOR INDIVIDUALS WITH DISABILITIES. (a) In this subsection:

3 1. "ABLE program" means a qualified ABLE program under section 529A of the
4 Internal Revenue Code.

5 2. "Department" means the department of financial institutions.

6 (b) The department shall conduct a study to examine the advantages and
7 disadvantages of the following options in establishing a Wisconsin ABLE program
8 for this state's residents:

9 1. The department establishes and administers the ABLE program.

10 2. The department enters into an agreement with another state, or with an
11 entity representing an alliance of states, to establish and administer the ABLE
12 program.

13 (c) The study under par. (b) shall include review and evaluation by the
14 department of all of the following:

15 1. ABLE programs offered directly or indirectly by other states.

16 2. The account activity of this state's residents under ABLE programs offered
17 by other states in comparison with the account activity of other states' residents.

18 3. Potential costs of establishing a Wisconsin ABLE program under each option
19 identified in par. (b).

