

### Fiscal Estimate - 2021 Session

Original     
  Updated     
  Corrected     
  Supplemental

LRB Number <b>21-3709/1</b>	Introduction Number <b>SB-486</b>
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**Description**  
 requiring the Department of Financial Institutions to implement a section 529A ABLE savings account program and granting rule-making authority

**Fiscal Effect**

**State:**

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> No State Fiscal Effect<br><input type="checkbox"/> Indeterminate<br><input type="checkbox"/> Increase Existing Appropriations<br><input type="checkbox"/> Decrease Existing Appropriations<br><input type="checkbox"/> Create New Appropriations | <input type="checkbox"/> Increase Existing Revenues<br><input type="checkbox"/> Decrease Existing Revenues | <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget<br><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No<br><input type="checkbox"/> Decrease Costs |
|---|--|---|

**Local:**

- |  |  |  |
|--|--|--|
| <input type="checkbox"/> No Local Government Costs<br><input type="checkbox"/> Indeterminate<br>1. <input type="checkbox"/> Increase Costs<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory<br>2. <input type="checkbox"/> Decrease Costs<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 3. <input type="checkbox"/> Increase Revenue<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory<br>4. <input type="checkbox"/> Decrease Revenue<br><input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory | 5. Types of Local Government Units Affected<br><input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities<br><input type="checkbox"/> Counties <input type="checkbox"/> Others<br><input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts |
|--|--|--|

**Fund Sources Affected**

**Affected Ch. 20 Appropriations**

GPR   
  FED   
  PRO   
  PRS   
  SEG   
  SEGS 20.144(3)(th)

<b>Agency/Prepared By</b> DFI/ Kortney Anderson (608) 261-9559	<b>Authorized Signature</b> Kortney Anderson (608) 261-9559	<b>Date</b> 8/18/2021
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## Fiscal Estimate Narratives

DFI 8/18/2021

LRB Number	21-3709/1	Introduction Number	SB-486	Estimate Type	Original
<b>Description</b> requiring the Department of Financial Institutions to implement a section 529A ABLE savings account program and granting rule-making authority					

### Assumptions Used in Arriving at Fiscal Estimate

Under federal law (26 U.S.C. s. 529A), states may establish qualified programs under which individuals may open tax-exempt savings accounts to pay the qualified expenses (such as education, housing, and transportation costs) of individuals with disabilities. Subject to some limitations, distributions from the accounts to pay for qualified expenses are not counted towards the beneficiaries' gross income for federal and state tax purposes.

Most other states have formed ABLE programs, either individually or in groups of states that pool resources. The Ohio STABLE program (with a dozen participating states) and the National ABLE Alliance (with 17) are the largest programs. An ABLE program is generally open to residents of any state, regardless of which state is responsible for its administration, but non-residents may be required to pay higher administrative fees. For example, the Ohio STABLE program charges in-state account holders a monthly fee of \$2.25 per month and asset-based fees between 0.19% and 0.33%, depending on their chosen investment options. Out-of-state account holders pay \$1 more in monthly fees and an additional 0.26% in asset-based fees.

This bill would require the Department of Financial Institutions to establish and administer a Wisconsin ABLE program, either individually or in partnership with other states. While the ultimate cost may be affected by which option DFI determines to be best for Wisconsin residents, DFI expects to incur at least the following expenses regardless of which option is chosen:

(1) Oversight and management of the program. DFI anticipates the need for at least one additional full-time employee with relevant experience to assist with a host of responsibilities, including overseeing vendors, investment options, and participant disclosures; promoting the program and managing marketing efforts; coordinating with out-of-state regulators on joint efforts to increase ABLE account awareness and use; coordinating with tax authorities to ensure consistency and minimize complications for participants; drafting guidance for beneficiaries and contributors; and educating Wisconsinites about the program and its benefits. DFI estimates the salary, fringe benefit, and supply costs for this additional staff member at \$89,973.47.

(2) Marketing, consulting, and other external program administration costs. Administration of the program will require DFI to incur a number of out-of-pocket costs for program administration, including marketing materials and campaigns; website creation and maintenance; in-state travel to promote the program to interested groups and financial advisors; limited out-of-state travel to conduct vendor oversight and meet with other federal and state regulators; and as-needed legal, financial, and program consulting to help protect participants and ensure compliance with applicable tax and securities laws. DFI estimates that efforts will cost an average of \$200,000 annually.

### Long-Range Fiscal Implications

## Fiscal Estimate Worksheet - 2021 Session

Detailed Estimate of Annual Fiscal Effect

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<b>Description</b> requiring the Department of Financial Institutions to implement a section 529A ABLE savings account program and granting rule-making authority		
<b>I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):</b>		
<b>II. Annualized Costs:</b>		
	<b>Annualized Fiscal Impact on funds from:</b>	
	Increased Costs	Decreased Costs
<b>A. State Costs by Category</b>		
State Operations - Salaries and Fringes	\$69,973	\$
(FTE Position Changes)	(1.0 FTE)	
State Operations - Other Costs	220,000	
Local Assistance		
Aids to Individuals or Organizations		
<b>TOTAL State Costs by Category</b>	<b>\$289,973</b>	<b>\$</b>
<b>B. State Costs by Source of Funds</b>		
GPR		
FED		
PRO/PRS		
SEG/SEG-S (20.144(3)(th))	289,973	
<b>III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)</b>		
	Increased Rev	Decreased Rev
GPR Taxes	\$	\$
GPR Earned		
FED		
PRO/PRS		
SEG/SEG-S		
<b>TOTAL State Revenues</b>	<b>\$</b>	<b>\$</b>
<b>NET ANNUALIZED FISCAL IMPACT</b>		
	<u>State</u>	<u>Local</u>
NET CHANGE IN COSTS	\$289,973	\$
NET CHANGE IN REVENUE	\$	\$
<b>Agency/Prepared By</b> <b>Authorized Signature</b> <b>Date</b>		
DFI/ Kortney Anderson (608) 261-9559	Kortney Anderson (608) 261-9559	8/18/2021