

1 H. 402

2 Introduced by Representatives Marcotte of Coventry, Botzow of Pownal,
3 Pearson of Burlington, Olsen of Londonderry, Baser of Bristol,
4 Batchelor of Derby, Carr of Brandon, Condon of Colchester,
5 Dakin of Colchester, Donovan of Burlington, French of
6 Randolph, Higley of Lowell, Lawrence of Lyndon, O'Sullivan
7 of Burlington, Parent of St. Albans City, Poirier of Barre City,
8 Quimby of Concord, Scheuermann of Stowe, Shaw of Derby,
9 Sibilia of Dover, Strong of Albany, Stuart of Brattleboro, Viens
10 of Newport City, and Young of Glover

11 Referred to Committee on

12 Date:

13 Subject: Commerce and trade

14 Statement of purpose of bill as introduced: This bill proposes to authorize
15 Vermont residents to open tax-advantaged accounts through a State authorized
16 Achieving a Better Life Experience (ABLE) savings program within the Office
17 of the Treasurer or designee

18 An act relating to authorizing the Vermont ABLE savings program

1 It is hereby enacted by the General Assembly of the State of Vermont:

2 Sec. 1. PURPOSE

3 The purpose of this act is:

4 (1) to encourage and assist individuals and families in saving private
5 funds for the purpose of supporting individuals with disabilities in maintaining
6 health, independence, and quality of life.

7 (2) to provide secure funding for disability-related expenses on behalf of
8 designated beneficiaries with disabilities that will supplement, but not
9 supplant, benefits provided through private insurance, the Medicaid program
10 under Title XIX of the Social Security Act, the supplemental security income
11 program under Title XVI of such Act, the beneficiary's employment, and other
12 sources.

13 Sec. 2. 33 V.S.A. chapter 80 is added to read:

14 CHAPTER 80: VERMONT ACHIEVING A BETTER LIFE EXPERIENCE

15 (ABLE) SAVINGS PROGRAM

16 § 8001. PROGRAM ESTABLISHED

17 (a) The State Treasurer or designee shall have the authority to establish the
18 Vermont Achieving A Better Life Experience (ABLE) Savings Program
19 consistent with the provisions of this chapter under which a person may make
20 contributions for a taxable year, for the benefit of an individual who is an
21 eligible individual for such taxable year, to an ABLE account which is

1 established for the purpose of meeting the qualified disability expenses of the
2 designated beneficiary of the account; and which:

3 (1) limits a designated beneficiary to one ABLE account for purposes of
4 this section;

5 (2) allows for the establishment of an ABLE account only for a
6 designated beneficiary who is a resident of Vermont or a resident of a
7 contracting State; and

8 (3) meets the other requirements of this chapter.

9 (b) The Treasurer or designee shall have the authority to adopt rules,
10 policies, and procedures necessary to implement the provisions of this chapter
11 and comply with applicable federal law.

12 § 8002. DEFINITIONS

13 In this chapter:

14 (1) “ABLE account” means an account established by an eligible
15 individual, owned by the eligible individual, and maintained under the
16 Vermont ABLE Savings Program.

17 (2) “Designated beneficiary” means the eligible individual who
18 establishes an ABLE account under this chapter and is the owner of the
19 account.

20 (3) “Disability certification” means a certification to the satisfaction of
21 the Secretary by the individual or the parent or guardian of the individual that:

1 (A) certifies that:

2 (i) the individual has a medically determinable physical or mental
3 impairment, which results in marked and severe functional limitations, and
4 which can be expected to result in death or which has lasted or can be expected
5 to last for a continuous period of not less than 12 months, or the individual is
6 blind within the meaning of Section 1614(a)(2) of the Social Security Act, and

7 (ii) such blindness or disability occurred before the individual
8 attained 26 years of age; and

9 (B) includes a copy of the individual's diagnosis relating to the
10 individual's relevant impairment or impairments, signed by a physician
11 meeting the criteria of Section 1861(r)(1) of the Social Security Act.

12 (4) "Eligible individual" means:

13 (A) a person who during a taxable year is entitled to benefits based
14 on blindness or disability under Title II or XVI of the Social Security Act, and
15 such blindness or disability occurred before the date on which the individual
16 attained 26 years of age; or

17 (B) a person for whom a disability certification is filed with the
18 Secretary for the taxable year.

19 (5) "Member of family" means a brother, sister, stepbrother, or
20 stepsister of a designated beneficiary.

1 (6) “Qualified disability expense” means an expense related to the
2 eligible individual’s blindness or disability which is made for the benefit of an
3 eligible individual who is the designated beneficiary, including the following
4 expenses: education, housing, transportation, employment training and
5 support, assistive technology and personal support services, health, prevention
6 and wellness, financial management and administrative services, legal fees,
7 expenses for oversight and monitoring, funeral and burial expenses, and other
8 expenses, which are approved by the Secretary under regulations and
9 consistent with the purposes of this section.

10 (7) “Secretary” means the Secretary of the U.S. Department of
11 the Treasury.

12 § 8003. PROGRAM LIMITATIONS

13 (a) Cash contributions. The Treasurer or designee shall not accept a
14 contribution:

15 (1) unless it is in cash; or

16 (2) except in the case of a contribution under 26 U.S.C. § 529A(c)(1)(C)
17 (relating to a change in a designated beneficiary or program), if such
18 contribution to an ABLE account would result in aggregate contributions from
19 all contributors to the ABLE account for the taxable year exceeding the
20 amount in effect under subsection 2503(b) of this title for the calendar year in
21 which the taxable year begins.

1 (b) Separate accounting. The Treasurer or designee shall provide separate
2 accounting for each designated beneficiary.

3 (c) Limited investment direction. A designated beneficiary may, directly or
4 indirectly, direct the investment of any contributions to the Vermont ABLE
5 Savings Program, or any earnings thereon, no more than two times in any
6 calendar year.

7 (d) No pledging of interest as security. A person shall not use an interest
8 in the Vermont ABLE Savings Program, or any portion thereof, as security for
9 a loan.

10 (e) Prohibition on excess contributions. The Treasurer or designee shall
11 adopt adequate safeguards under the Vermont ABLE Savings Program to
12 prevent aggregate contributions on behalf of a designated beneficiary in excess
13 of the limit established by the State pursuant to 26 U.S.C. § 529(b)(6).

14 § 8004. REPORTS

15 (a) In general. The Treasurer or designee shall make such reports regarding
16 the Program to the Secretary and to designated beneficiaries with respect to
17 contributions, distributions, the return of excess contributions, and such other
18 matters as the Secretary may require.

19 (b) Notice of establishment of account. The Treasurer or designee shall
20 submit a notice to the Secretary upon the establishment of an ABLE account

1 that includes the name and state of residence of the designated beneficiary and
2 such other information as the Secretary may require.

3 (c) Electronic distribution statements. The Treasurer or designee shall
4 submit electronically on a monthly basis to the Commissioner of Social
5 Security, in the manner specified by the Commissioner, statements on relevant
6 distributions and account balances from all ABLÉ accounts created under the
7 Vermont ABLÉ Savings Program.

8 (d) Requirements. The Treasurer or designee shall file the reports and
9 notices required under this section at such time and in such manner and
10 furnished to such individuals at such time and in such manner as may be
11 required by the Secretary.

12 Sec. 3. EFFECTIVE DATE

13 This act shall take effect on July 1, 2015.