

ALASKA STATE LEGISLATURE
SENATE LABOR AND COMMERCE STANDING COMMITTEE

February 4, 2016
1:29 p.m.

MEMBERS PRESENT

Senator Mia Costello, Chair
Senator Cathy Giessel, Vice Chair
Senator Kevin Meyer
Senator Gary Stevens

MEMBERS ABSENT

Senator Johnny Ellis

COMMITTEE CALENDAR

SENATE BILL NO. 69

"An Act relating to the Board of Chiropractic Examiners and the practice of chiropractic."

- MOVED CSSB 69(L&C) OUT OF COMMITTEE

COMMITTEE SUBSTITUTE FOR HOUSE BILL NO. 12(L&C)

"An Act relating to mortgage lending, mortgage loan originators, and depository institutions; and providing for an effective date."

- MOVED SCS CSHB 12(L&C) OUT OF COMMITTEE

SENATE BILL NO. 125

"An Act adding legislative nonvoting members to the board of directors of the Alaska Gasline Development Corporation."

- MOVED CSSB 125(L&C) OUT OF COMMITTEE

SENATE BILL NO. 148

"An Act relating to reporting of workplace injuries to the division of labor standards and safety."

- MOVED CSSB 148(L&C) OUT OF COMMITTEE

SENATE BILL NO. 142

CHAIR GIESSEL offered a conceptual amendment on page 2, line 4. Insert: "Nothing in this section shall prohibit a plan from requiring different cost sharing rates for in network and out-of-network pharmacies." The language was recommended by the Division of Insurance.

Renumber the subsequent subsection.

She said she would have a committee substitute prepared.

CHAIR COSTELLO held SB 142 in committee awaiting the CS.

[2:26:36 PM](#)

At ease

SB 104-PERSON W/DISABILITY SAVINGS ACCOUNTS

[2:27:20 PM](#)

CHAIR COSTELLO reconvened the meeting and announced the consideration of SB 104. "An Act relating to financial accounts for persons with disabilities; relating to financial institutions; relating to property exemptions; relating to securities; and providing for an effective date."

JANE CONWAY, staff, Senator Cathy Giessel, Alaska State Legislature, sponsor of SB 104, introduced herself.

EMMIE VAN WYHE, Intern, Senator Cathy Giessel, Alaska State Legislature, sponsor of SB 104, introduced herself.

SENATOR CATHY GIESSEL, Alaska State Legislature, sponsor of SB 104, stated that this bill is often referred to as the ABLE Act, which is an acronym for achieving a better life experience. It provides an opportunity for individuals with disabilities and their families to create non-taxed savings accounts to help pay for qualified disability-related expenses.

MS. CONWAY explained that this is a multi-section bill that outlines the details of establishing and administering the ABLE Act. While the federal regulations are not complete, it has created a lot of excitement and 35 state are in some stage of passing similar legislation. She described the process as dynamic and related that the sponsor is working on another, improved rendition of the bill. She asked the chair how she would like to proceed.

CHAIR COSTELLO asked Sara Race and Kevin Anselm to provide brief comments on behalf of the administration and highlight any concerns that could be incorporated into the CS.

SARA RACE, Director, Permanent Fund Division, Department of Revenue (DOR), said the division sees the ABLE Act as similar to the University of Alaska College Savings Program, but the criteria would be different. The selection process for eligibility for the program would be made on specific application types.

KEVIN ANSELM, Director, Division of Banking and Securities, Department of Commerce, Community and Economic Development (DCCED), stated support for SB 104. The ABLE Program is important and appears to be set up much like a 529 plan. He highlighted the issue with the program being administered by Banking and Securities is that they regulate the banks and the mutual funds that might be involved in the fund. To avoid a conflict, the division would have to "wall out" some staff to deal just with that area. That is reflected in the fiscal note so everyone is working together to try to find a better place for the administration of the program.

[2:33:52 PM](#)

At ease

CHAIR COSTELLO reconvened the meeting and invited Maggie Winston to testify.

[2:34:24 PM](#)

MAGGIE WINSTON, Alaska Governor's Council for Disability and Special Education, said she represents people that the ABLE Act would help. People like her who are on [SSI] benefits can save less than \$2,000 which keeps them on the poverty cycle. This savings account would allow her to save significantly more than that to purchase things specifically related to her disability. This would help to stop the poverty cycle, she said.

CHAIR COSTELLO asked if the savings could only be used only for certain types of things.

MS. WINSTON answered yes; related to disability.

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STEPHAN PATTERSON, representing himself, Palmer, Alaska, testified in support of SB 104. He related that his nine-year-old son is autistic and has dyspraxia and one day will be alone.

He said the ABLE savings account will allow him to set aside funds for his son so he doesn't have to rely on public assistance later in life.

[2:38:35 PM](#)

STUART SPIELMAN, Autism Speaks, Washington, D.C. testified in strong support of SB 104. Autism Speaks has been working on this for a decade at the federal level. The legislation was enacted in 2014 and since then, states across the country have authorized programs for the reason that the last witness articulated. He related that he is the parent of a 21-year-old with autism who wants his child to be self-sufficient and not have to rely on the kindness of strangers. People in the disability community believe that the ABLE program is a positive step in that direction.

[2:40:21 PM](#)

AMY SIMPSON, Governor's Council on Disabilities and Special Education (GCDSE), testified in support of SB 104. She said this is a group of 24 individuals from across the state who serve the interests of individuals with disabilities in many venues statewide. They support the bill wholly.

PATRICK REINHART, Executive Director, Governor's Council on Disabilities and Special Education, testified in strong support of SB 104. He said this bill is an opportunity for people with disabilities to get out of poverty. He described it as the next step after the Employment First legislation that passed several years ago. It's an opportunity for people to keep some healthcare benefits through Medicaid and other programs. They don't have a reason not to try employment if they can put money away for expenses related to their disability. In the long run they hopefully wouldn't be as dependent on government-funded programs.

CHAIR COSTELLO thanked him for being a stable advocate for years. The work is incredibly valuable to Alaskans.

SENATOR STEVENS said this is a great idea and the record should reflect the amount that parents and grandparents can put into the account and what happens to the money when the person passes on.

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MR. REINHART answered that the annual contribution is \$14,000 with a cap of \$300,000. When the account totals \$100,000 the person would lose their SSI benefit. When a person passes with

money in their account, the state could recover expenses after memorial and funeral expenses are paid. He offered to follow up with more detail.

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SENATOR MEYER asked if the contributions are tax deductible.

MR. REINHART answered yes.

SENATOR MEYER described it as a good program that needs to be implemented without major costs.

SENATOR COSTELLO said she understands that the committee substitute will move the administration of the program from the Department of Revenue. She asked Senator Giessel to comment.

SENATOR GIESSEL said it's searching for a home. The Department of Commerce, Community and Economic Development doesn't feel that's the appropriate place and neither does the Division of Banking and Securities. She's currently talking with the Department of Revenue.

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MALLORY HAMILTON, member, Governor's Council on Disabilities and Special Education, Juneau, Alaska, said she is speaking as a parent of a child who experiences Down's syndrome and autism, but first wanted to respond to earlier questions. She said the \$14,000 annual limit is based on the allowable gift tax. Interest earned is non-taxable the same as the college savings plan. Upon the death of the individual, the account can be transferred to a qualified family member. Otherwise, the Medicaid payback provision applies.

She said her daughter is 19 and can never be without benefits. If she were to qualify for a job it would be low paying, but if she reached the \$2,000 SSI threshold, she would lose her benefits. If this bill were to pass, her paychecks and permanent fund dividend could be deposited directly into the ABLE account, but withdrawals could only be used for things that allow the person to live as typical a lifestyle as possible. This would include purchases for things like glasses, or a wheelchair accessible van or relief caretakers. "As a parent, it's a really, really important thing," she said.

SENATOR COSTELLO closed public testimony on SB 104, and held the bill in committee awaiting a committee substitute.