

FISCAL NOTE

STATE OF ALASKA
2015 LEGISLATIVE SESSION

Bill Version CSHB 188
 Fiscal Note Number _____
 () Publish Date _____

Identifier (file name) HB188-DOR-TRS-3-16-16 Dept. Affected Revenue
 Title ABLE Savings Program Act Appropriation Taxation and Treasury
 Allocation Treasury
 Sponsor Representatives Saddler, Millett, Gara, Hughes
 Requester Labor and Commerce, Finance OMB Component Number 121

Expenditures/Revenues (Thousands of Dollars)

Note: Amounts do not include inflation unless otherwise noted below.

	FY16 Appropriation Requested	Included in Governor's FY16 Request	Out-Year Cost Estimates				
			FY17	FY18	FY19	FY20	FY21
OPERATING EXPENDITURES	FY16	FY16	FY17	FY18	FY19	FY20	FY21
Personal Services							
Travel							
Services			60,000.0	40,000.0			
Commodities							
Capital Outlay							
Grants, Benefits							
Miscellaneous							
TOTAL OPERATING	0.0	0.0	60,000.0	40,000.0	0.0	0.0	0.0

FUND SOURCE (Thousands of Dollars)

1002 Federal Receipts							
1003 GF Match							
1004 GF							
1005 GF/Prgm (DGF)							
1092 MHTAAR (Other)			60,000.0	40,000.0			
1156 Rcpt Svcs (DGF)							
	0.0	0.0	60,000.0	40,000.0	0.0	0.0	0.0

POSITIONS

Full-time							
Part-time							
Temporary							

CHANGE IN REVENUES

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Estimated SUPPLEMENTAL (FY15) operating costs _____ (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY16) costs _____ (separate capital appropriation required)
 (discuss reasons and fund source(s) in analysis section)

ASSOCIATED REGULATIONS

Does the bill direct, or will the bill result in, regulation changes adopted by your agency? _____
 If yes, by what date are the regulations to be adopted, amended, or repealed? _____ Discuss details in analysis section.

Why this fiscal note differs from previous version (if initial version, please note as such)

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 Agency Revenue

Phone 465-3751
 Date/Time 3/17/16 12:00 AM
 Date 3/1/2016

FISCAL NOTE ANALYSIS

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Analysis

This bill would authorize the Alaska savings program for eligible disabled individuals and allow the Department of Revenue to implement and administer the program. Federal legislation was passed in 2014 and revised in 2015. 35 states have approved legislation and are in the process of implementing a program. Some states are creating their own system and others are participating in a consortium to create greater cost efficiencies to pass on to state participants. Two of the states creating their own program have offered to host other states' programs for a fee.

All programs will use a vendor that would provide some or all of the following services:

- Investment Management Services including providing investment options, reporting of investment performance, and regulatory compliance.
- Record Keeping and Administrative Services including establishing eligibility for individuals, enrollment, managing cash flow contributions and distributions, providing account statements, coordination with investment management services and website access.
- Call Center/Customer Service to respond to inquiries including account openings and withdrawals and any federal or state specific questions in a manner accessible to participant needs.

The creation of ABLE programs is at its infancy and costs are not yet fully known. States implementing programs on their own have presented cost ranges in the \$2-\$4 million range. 1 State that has created its own program has offered its program to other states for a one-time installment fee of \$50,000 and an annual maintenance fee of \$12,000 but not all services appear to be included. The consortium of states is working on an RFP but costs have not yet been determined. This fiscal note presumes that Alaska would utilize the program of another state or the consortium of states' vendor to provide all of the above services. The estimated cost for FY2017 and FY2018 include startup costs with a vendor and a program awareness effort. Participants that have program accounts will also pay a fee which will be based on the value of the account. It is unknown at this time what those will be but it is imagined that they will be similar to what you pay for a managed investment account and an assumption that these fees will cover ongoing program costs.