

Fiscal Note

State of Alaska
2016 Legislative Session

Bill Version:	CSHB 188(FIN)
Fiscal Note Number:	3
(H) Publish Date:	4/7/2016

Identifier: HB188-DOR-TRS-4-6-16
 Title: PERSON W/DISABILITY SAVINGS ACCOUNTS
 Sponsor: SADDLER
 Requester: Labor and Commerce, Finance

Department: Department of Revenue
 Appropriation: Taxation and Treasury
 Allocation: Treasury Division
 OMB Component Number: 121

Expenditures/Revenues

Note: Amounts do not include inflation unless otherwise noted below. (Thousands of Dollars)

	FY2017	Included in	Out-Year Cost Estimates					
	Appropriation Requested	Governor's FY2017 Request	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
OPERATING EXPENDITURES								
Personal Services								
Travel								
Services	60.0		40.0					
Commodities								
Capital Outlay								
Grants & Benefits								
Miscellaneous								
Total Operating	60.0	0.0	40.0	0.0	0.0	0.0	0.0	0.0

Fund Source (Operating Only)

1092 MHTAAR	60.0		40.0					
Total	60.0	0.0	40.0	0.0	0.0	0.0	0.0	0.0

Positions

Full-time								
Part-time								
Temporary								

Change in Revenues

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Estimated SUPPLEMENTAL (FY2016) cost: 0.0 (separate supplemental appropriation required)
 (discuss reasons and fund source(s) in analysis section)

Estimated CAPITAL (FY2017) cost: 0.0 (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? No
 If yes, by what date are the regulations to be adopted, amended or repealed?

Why this fiscal note differs from previous version:

Revised based on changes in House Transportation committee

Prepared By: Pamela Leary
 Division: Treasury
 Approved By: Jerry Burnett, Deputy Commissioner
 Agency: Department of Revenue

Phone: (907)465-3751
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 Date: 04/16/16

**REPORTED OUT OF
HFC 04/07/2016**

FISCAL NOTE ANALYSIS

STATE OF ALASKA
2016 LEGISLATIVE SESSION

Analysis

Bill 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.