

**ALASKA STATE LEGISLATURE  
HOUSE LABOR AND COMMERCE STANDING COMMITTEE**

March 18, 2016

3:19 p.m.

**MEMBERS PRESENT**

Representative Kurt Olson, Chair  
Representative Shelley Hughes, Vice Chair  
Representative Gabrielle LeDoux  
Representative Cathy Tilton  
Representative Andy Josephson  
Representative Mike Chenault (alternate)

**MEMBERS ABSENT**

Representative Jim Colver  
Representative Sam Kito

**COMMITTEE CALENDAR**

HOUSE BILL NO. 188

"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."

- MOVED CSHB 188(L&C) OUT OF COMMITTEE

HOUSE BILL NO. 313

"An Act relating to the public construction contracts, including the application of prevailing wage rates."

- SCHEDULED BUT NOT HEARD

HOUSE BILL NO. 214

"An Act repealing the Workers' Compensation Appeals Commission; relating to decisions and orders of the Alaska Workers' Compensation Board; relating to superior court jurisdiction over appeals from Alaska Workers' Compensation Board decisions and orders; repealing Rules 201.1, 401.1, and 501.1, Alaska Rules of Appellate Procedure, and amending Rules 202(a), 204(a) - (c), 210(e), 508(g), 601(b), 602, and 603, Alaska Rules of Appellate Procedure; and providing for an effective date."

- SCHEDULED BUT NOT HEARD

**PREVIOUS COMMITTEE ACTION**

BILL: HB 188

SHORT TITLE: PERSON W/DISABILITY SAVINGS ACCOUNTS

SPONSOR(S): REPRESENTATIVE(S) SADDLER

04/11/15	(H)	READ THE FIRST TIME - REFERRALS
04/11/15	(H)	L&C, FIN
03/09/16	(H)	L&C AT 3:15 PM BARNES 124
03/09/16	(H)	Heard & Held
03/09/16	(H)	MINUTE(L&C)
03/16/16	(H)	L&C AT 3:15 PM BARNES 124
03/16/16	(H)	Heard & Held
03/16/16	(H)	MINUTE(L&C)
03/18/16	(H)	L&C AT 3:15 PM BARNES 124

**WITNESS REGISTER**

REPRESENTATIVE DAN SADDLER

Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** Speaking as the sponsor, answered questions during the hearing on HB 188.

JEFF JESSEE, Chief Executive Officer

Alaska Mental Health Trust Authority

Department of Revenue

Anchorage, Alaska

**POSITION STATEMENT:** Testified in support of HB 188.

STUART SPIELMAN, Senior Policy Advisor and Counsel

Autism Speaks

Washington, District of Columbia

**POSITION STATEMENT:** Answered questions during the hearing on HB 188.

KIM SKIPPER, Staff

Representative Dan Saddler

Alaska State Legislature

Juneau, Alaska

**POSITION STATEMENT:** On behalf of Representative Saddler, sponsor, answered questions during the hearing on HB 188.

**ACTION NARRATIVE**

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**CHAIR KURT OLSON** called the House Labor and Commerce Standing Committee meeting to order at 3:19 p.m. Representatives Olson, LeDoux, Tilton, Hughes, Josephson, and Chenault were present at the call to order.

**HB 188-PERSON W/DISABILITY SAVINGS ACCOUNTS**

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CHAIR OLSON announced that the only order of business would be HOUSE BILL NO. 188, "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." Without objection, the committee substitute for HB 188, labeled 29-LS0787\E, Bannister, 3/9/16, was adopted at the meeting on 3/16/16. Version E was before the committee.

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REPRESENTATIVE DAN SADDLER, Alaska State Legislature, speaking as the sponsor of HB 188, reported that the fiscal note attached to Version E, Identifier: HB188-DOR-TRS-3-16-16, indicates costs of \$60,000 in fiscal year 2018 (FY 18), and \$40,000 in FY 19; however, the Alaska Mental Health Trust Authority has agreed to provide funds to defray those costs, thus the cost to the state would be zero.

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JEFF JESSEE, Chief Executive Officer, Alaska Mental Health Trust Authority (Trust), Department of Revenue, informed the committee that the bill offers the Trust's beneficiaries an opportunity to become more self-sufficient and less dependent on government programs. From the perspective of the Trust, this is a great one-time investment over two fiscal years, and he said the trustees are pleased to fund the setup costs.

CHAIR OLSON added that the testimony heard by the committee in support of the bill was extremely helpful.

REPRESENTATIVE LEDOUX directed attention to proposed Section 06.65.260 which read:

**Sec. 06.65.260. Exemption from creditor claims.** The money in a program account and money paid out of a program account are exempt from a claim by the

creditors of the designated beneficiary of the program account during the life of the designated beneficiary.

REPRESENTATIVE LEDOUX observed that \$400,000 is a lot of money to be exempt from claims.

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STUART SPIELMAN, Senior Policy Advisor and Counsel, Autism Speaks, directed attention to his written testimony dated 3/17/16, and provided in the committee packet, which addressed the questions raised at the last hearing. He added that contributions to the [Stephen Beck, Jr., Achieving a Better Life Experience (ABLE) Act of 2014] accounts are limited to \$14,000 per year, and therefore, very large account balances are not possible for many years.

CHAIR OLSON asked for the average account balance of current ABLE accounts.

MR. SPIELMAN said currently, no ABEL programs are in operation; however, accounts in 529 college savings and prepaid tuition plans are similar, and the average 529 account balance is \$20,000. The population of those who qualify for ABLE accounts are individuals with severe disabilities who have many expenses, and he opined that their accounts will be rather small.

REPRESENTATIVE LEDOUX pointed out that even if accounts are small initially, potentially \$400,000 will be subject to exemption from claims.

REPRESENTATIVE SADDLER restated that just because the maximum contribution is \$400,000, the balance is not likely to be \$400,000; in fact, poverty rates for individuals with disabilities are high, and it would take 28 years of \$14,000 contributions to add up to the maximum, assuming there were no withdrawals.

REPRESENTATIVE LEDOUX suggested that the aforementioned section could exempt claims up to a certain amount, which would not affect the maximum amount of money in the account, but would put a cap on the exemption.

REPRESENTATIVE SADDLER surmised that this provision is based on the Alaska college savings plan.

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KIM SKIPPER, Staff to Representative Saddler, Alaska State Legislature, agreed that the bill is based on the Alaska college savings plan, and added that most other states enacting ABEL account legislation are using the same language. She said it is anticipated that the balances of the proposed accounts would go up and down, without a great deal of growth.

REPRESENTATIVE LEDOUX noted that she would have a similar concern of the Alaska college savings plan.

REPRESENTATIVE JOSEPHSON gave an example of a person who could buy a car with a down payment, finance the remainder, and then walk away from the balance of the loan, fully protected from repossession of the vehicle. He cautioned that this situation may create a disincentive to approve a loan to holders of this type of account.

MR. SPIELMAN said he is not familiar with the mechanisms potential creditors might use to protect their interests. He restated that in his review of federal and state sources, 529 and ABEL assets are often protected. The proposed legislation follows a federal template for this and related legislation. He returned attention to further information provided in his written testimony.

REPRESENTATIVE SADDLER offered to work with legislators to address their concerns in the next committee of referral, the House Finance Committee.

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REPRESENTATIVE HUGHES moved to report the committee substitute for HB 188, Version 29-LS0787\E, Bannister, 3/9/16, out of committee with individual recommendations and the accompanying fiscal notes. There being no opposition, CSHB 188(L&C) was reported out of the House Labor and Commerce Standing Committee.

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#### **ADJOURNMENT**

There being no further business before the committee, the House Labor and Commerce Standing Committee meeting was adjourned at 3:34 p.m.