

ASSEMBLY HUMAN SERVICES COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2043

with committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 14, 2022

The Assembly Human Services Committee reports favorably and with committee amendments Assembly Bill No. 2043.

As amended by the committee, this bill expands the “New Jersey Achieving a Better Life Experience (ABLE) Program,” P.L.2015, c.185 (C.52:18A-250 et al.) to incentivize qualified individuals with disabilities and their families to save for disability-related expenses in tax-advantaged savings accounts, known as ABLE accounts. Pursuant to current federal statute, qualified individuals who have significant disabilities with onset prior to age 26 years, and who receive Supplemental Security Income or Social Security Disability Insurance benefits, may contribute as much as the federal gift tax limit, or \$16,000 in 2022, to a qualifying ABLE account. Individuals with disabilities, or their parent or guardian, may open an ABLE account in the individual’s state of residence, or in another state. As of January 2022, there are 49 ABLE plans operating nationwide.

Funds deposited into an ABLE account may only be used for qualifying disability-related expenses such as transportation, housing, education, assistive technology, legal fees, and personal support services. Distributions from a New Jersey ABLE account are not subject to federal tax, provided the distributions do not exceed the individual’s disability-related expenses for the year.

New Jersey statute currently limits total lifetime contributions to an ABLE account to \$305,000. Once the value of an ABLE account exceeds \$100,000, SSI cash benefits for the ABLE account owner are suspended until the account’s value falls below this threshold. However, a qualifying individual will not lose Medicaid benefits, no matter the balance in an ABLE account.

Pursuant to the bill, all contributions to a qualifying New Jersey ABLE account are fully-deductible on a New Jersey State tax return, similar to qualifying contributions to the State’s Section 529 educational savings program, known as the NJBEST. As amended, the bill additionally incentivizes taxpayer savings in New Jersey ABLE accounts by providing up to \$750 in dollar-for-dollar matching funds for taxpayers whose gross annual income equals \$150,000 or less, and who deposit funds into a newly opened ABLE

account. It is important to note, however, that the savings incentives instituted under this bill are subject to the annual appropriations process. Therefore, the bill authorizes the Department of Human Services to select a methodology for allocating these incentive funds in years in which State appropriations for these incentive payments are insufficient to fulfill the provisions of the bill.

This bill was pre-filed for introduction in the 2022-2023 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

COMMITTEE AMENDMENTS

The committee amended the bill to reduce the income eligibility requirement for a taxpayer who initially open a New Jersey ABLE account or qualifying state ABLE account from \$200,000 to \$150,000, and lowers the amount of the one-time grant the taxpayer can receive from \$1,000 to \$750.

The committee amended the bill to remove the requirement that subject to the availability of State appropriations, taxpayers who own New Jersey ABLE accounts or qualifying state ABLE accounts are eligible to receive a one-time grant of \$500, subject to the availability of State appropriations and the amount of savings accrued in the taxpayer's account.