

SENATE HEALTH, HUMAN SERVICES AND SENIOR  
CITIZENS COMMITTEE

STATEMENT TO

[Second Reprint]  
**ASSEMBLY, No. 2043**

with committee amendments

**STATE OF NEW JERSEY**

DATED: MAY 12, 2022

The Senate Health, Human Services and Senior Citizens Committee reports favorably and with committee amendments Assembly Bill No. 2043.

A 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.

As reported by the committee with amendments, Assembly Bill No. 2043 (2R) is identical to Senate Bill No. 690, which was also reported by the committee on this date with amendments.

COMMITTEE AMENDMENTS:

The committee amendments make a technical correction to the title of the bill.