



General Assembly

**Substitute Bill No. 6738**

January Session, 2015



**AN ACT IMPLEMENTING THE RECOMMENDATIONS OF THE  
PROGRAM REVIEW AND INVESTIGATIONS COMMITTEE  
CONCERNING THE FEDERAL ACHIEVING A BETTER LIFE  
EXPERIENCE ACT.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective October 1, 2015*) As used in this section,  
2 and sections 2 to 7, inclusive, and section 9 of this act and section 3-22o  
3 of the general statutes, as amended by this act:

4 (1) "Achieving a better life experience account" or "ABLE account"  
5 means an account established and maintained pursuant to sections 2 to  
6 7, inclusive, and section 9 of this act and section 3-22o of the general  
7 statutes, as amended by this act, that is established and owned by an  
8 eligible individual for the purposes of qualified disability expenses.

9 (2) "Designated administrator" means any corporation designated  
10 by the Treasurer for the purpose of administering ABLE accounts.

11 (3) "Disability certification" means, with respect to an individual, a  
12 certification by the individual or the parent or guardian of the  
13 individual that satisfies the Secretary of the Treasury of the United  
14 States that (A) the individual has a medically determinable physical or  
15 mental impairment, that results in marked and severe functional  
16 limitations, and that can be expected to result in death or that has  
17 lasted or can be expected to last for a continuous period of not less  
18 than twelve months, or is blind, within the meaning of Section

19 1614(a)(2) of the Social Security Act, and (B) such impairment or  
20 blindness occurred before the date on which the individual attained  
21 the age of twenty-six, and (C) a physician has signed a copy of the  
22 individual's diagnosis relating to the individual's relevant impairment  
23 or impairments or blindness.

24 (4) "Eligible individual" means an individual who is entitled to  
25 benefits based on blindness or disability under Title II or XVI of the  
26 Social Security Act, and such blindness or disability occurred before  
27 the date on which the individual attained the age of twenty-six, and a  
28 disability certification with respect to such individual is filed with the  
29 Treasurer.

30 (5) "Designated beneficiary" means any individual state resident or  
31 resident of a contracting state originally designated in the participation  
32 agreement, who is an eligible individual and is the owner of an ABLE  
33 account.

34 (6) "Depositor" means any person making a deposit, payment,  
35 contribution, gift or otherwise in an ABLE account pursuant to a  
36 participation agreement.

37 (7) "Internal Revenue Code" means the Internal Revenue Code of  
38 1986, or any subsequent corresponding internal revenue code of the  
39 United States, as from time to time amended.

40 (8) "Participation agreement" means an agreement between the trust  
41 and depositors for participation in an ABLE account for a designated  
42 beneficiary.

43 (9) "Contracting state" means a state without a qualified ABLE  
44 program that has entered into a contract with this state to provide  
45 residents of the contracting state with access to qualified ABLE  
46 programs.

47 (10) "Physician" means a physician licensed under chapter 370 of the  
48 general statutes.

49 (11) "Qualified disability expenses" means any expenses related to  
50 an eligible individual's blindness or disability that are made for the  
51 benefit of an eligible individual who is the designated beneficiary,  
52 including the following expenses: Education, housing, transportation,  
53 employment training and support, assistive technology and personal  
54 support services, health, prevention and wellness, financial  
55 management and administrative services, legal fees, expenses for  
56 oversight and monitoring, funeral and burial expenses, and other  
57 expenses that are approved by the Secretary of the Treasury of the  
58 United States under regulations and consistent with the purposes of  
59 this section and sections 2 to 7, inclusive, and section 9 of this act and  
60 section 3-22o of the general statutes, as amended by this act.

61 Sec. 2. (NEW) (*Effective October 1, 2015*) (a) There is established  
62 within the Office of the Treasurer the Achieving A Better Life  
63 Experience Trust for the purposes of administering ABLE accounts to  
64 encourage and assist eligible individuals and families in saving private  
65 funds to provide support for individuals with disabilities. Under the  
66 trust, a person may make contributions to an ABLE account to meet  
67 the qualified disability expenses of the designated beneficiary of the  
68 account. The trust shall constitute an instrumentality of the state and  
69 shall perform essential governmental functions, as provided in sections  
70 1 to 7, inclusive, and section 9 of this act and section 3-22o of the  
71 general statutes, as amended by this act. The trust shall receive and  
72 hold all payments and deposits or contributions intended for ABLE  
73 accounts as well as gifts, bequests, endowments or federal, state or  
74 local grants and any other funds from any public or private source and  
75 all earnings, until disbursed in accordance with sections 1 to 7,  
76 inclusive, and section 9 of this act and section 3-22o of the general  
77 statutes, as amended by this act.

78 (b) The amounts on deposit in the trust shall not constitute property  
79 of the state and the trust shall not be construed to be a department,  
80 institution or agency of the state. Amounts on deposit in the trust shall  
81 not be commingled with state funds and the state shall have no claim

82 to or against, or interest in, such amounts. Any contract entered into  
83 by, or any obligation of, the trust shall not constitute a debt or  
84 obligation of the state and the state shall have no obligation to any  
85 designated beneficiary or any other person on account of the trust and  
86 all amounts obligated to be paid from the trust shall be limited to  
87 amounts available for such obligation on deposit in the trust. The  
88 amounts on deposit in the trust may only be disbursed in accordance  
89 with the provisions of sections 1 to 7, inclusive, and section 9 of this act  
90 and section 3-22o of the general statutes, as amended by this act. The  
91 trust shall continue in existence as long as it holds any deposits or has  
92 any obligations and until its existence is terminated by law, and upon  
93 termination any unclaimed assets shall return to the state. Property of  
94 the trust shall be governed by section 3-61a of the general statutes.

95 (c) The Treasurer shall be responsible for the receipt, maintenance,  
96 administration, investing and disbursements of amounts from the  
97 trust. The trust shall not receive deposits in any form other than cash.  
98 No depositor or designated beneficiary may direct the investment of  
99 any contributions or amounts held in the trust other than in the  
100 specific fund options provided for by the trust and shall not direct  
101 investments in such specific fund options more than two times in any  
102 calendar year. No interest, or portion of interest, in the program shall  
103 be used as security for a loan.

104 (d) A person may make contributions to an ABLE account to meet  
105 the qualified disability expenses of the designated beneficiary of the  
106 account, provided the trust and contributions meet the other  
107 requirements of this section, the ABLE Act of 2014, P.L. 113-295, as  
108 amended from time to time, and any regulations adopted thereunder  
109 by the Secretary of the Treasury of the United States.

110 (e) On or before June 30, 2016, and annually thereafter, the Treasurer  
111 shall submit (1) in accordance with the provisions of section 3-37 of the  
112 general statutes, a report to the Governor on the operations of the  
113 trust, including the receipts, disbursements, assets, investments and  
114 liabilities and administrative costs of the trust for the prior fiscal year,

115 and (2) in accordance with the provisions of section 11-4a of the  
116 general statutes, a report on the trust to the joint standing committee of  
117 the General Assembly having cognizance of matters relating to public  
118 health, and shall make such report available to each depositor and  
119 designated beneficiary. The report described in subdivision (2) of this  
120 subsection shall include, but not be limited to: (A) The number of  
121 ABLE accounts, (B) the total amount of contributions to such accounts;  
122 (C) the total amount and nature of distributions from such accounts;  
123 and (D) a description of issues relating to the abuse of such accounts.

124 Sec. 3. (NEW) (*Effective October 1, 2015*) The Treasurer, on behalf of  
125 the trust and for purposes of the trust, may:

126 (1) Receive and invest moneys in the trust in any instruments,  
127 obligations, securities or property in accordance with section 4 of this  
128 act;

129 (2) Establish consistent terms for each participation agreement, bulk  
130 deposit, coupon or installment payments, including, but not limited to,  
131 (A) the method of payment into an ABLE account by payroll  
132 deduction, transfer from bank accounts or otherwise, (B) the  
133 termination, withdrawal or transfer of payments under an ABLE  
134 account, including transfers to or from a qualified ABLE program  
135 established by another state pursuant to the ABLE Act of 2014, P.L.  
136 113-295, as amended from time to time, (C) penalties for distributions  
137 not used or made in accordance with said act, and (D) any charges or  
138 fees in connection with the administration of the trust;

139 (3) Enter into one or more contractual agreements, including  
140 contracts for legal, actuarial, accounting, custodial, advisory,  
141 management, administrative, advertising, marketing and consulting  
142 services for the trust and pay for such services from the gains and  
143 earnings of the trust;

144 (4) Procure insurance in connection with the trust's property, assets,  
145 activities or deposits or contributions to the trust;

146 (5) Apply for, accept and expend gifts, grants or donations from  
147 public or private sources to enable the achieving a better life  
148 experience program to carry out its objectives;

149 (6) Sue and be sued;

150 (7) Establish one or more funds within the trust and maintain  
151 separate ABLE accounts for each designated beneficiary; and

152 (8) Take any other action necessary to carry out the purposes of  
153 sections 1 to 7, inclusive, and section 9 of this act and section 3-22o of  
154 the general statutes, as amended by this act, and incidental to the  
155 duties imposed on the Treasurer pursuant to said sections.

156 Sec. 4. (NEW) (*Effective October 1, 2015*) Notwithstanding sections 3-  
157 13 to 3-13h, inclusive, of the general statutes, the Treasurer shall invest  
158 the amounts on deposit in the trust in a manner reasonable and  
159 appropriate to achieve the objectives of such trust, exercising the  
160 discretion and care of a prudent person in similar circumstances with  
161 similar objectives. The Treasurer shall give due consideration to rate of  
162 return, risk, term or maturity, diversification of the total portfolio  
163 within the trust, liquidity, the projected disbursements and  
164 expenditures and the expected payments, deposits, contributions and  
165 gifts to be received. The Treasurer shall not require the trust to invest  
166 directly in obligations of the state or any political subdivision of the  
167 state or in any investment or other fund administered by the Treasurer.  
168 The assets of the trust shall be continuously invested and reinvested in  
169 a manner consistent with the objectives of such trust until disbursed  
170 for qualified disability expenses, expended on expenses incurred by  
171 the operations of the trust or refunded to the depositor or designated  
172 beneficiary on the conditions provided in the participation agreement.

173 Sec. 5. (NEW) (*Effective October 1, 2015*) Participation in the trust and  
174 the offering and solicitation of the trust are exempt from sections 36b-  
175 16 and 36b-22 of the general statutes. The Treasurer shall obtain  
176 written advice of counsel or written advice from the Securities

177 Exchange Commission, or both, that the trust and the offering of  
178 participation in the trust are not subject to federal securities laws.

179       Sec. 6. (NEW) (*Effective October 1, 2015*) The property of the trust and  
180 the earnings on the trust shall be exempt from all taxation by the state  
181 and all political subdivisions of the state.

182       Sec. 7. (NEW) (*Effective October 1, 2015*) The state pledges to  
183 depositors, designated beneficiaries and with any party who enters  
184 into contracts with the trust, pursuant to the provisions of this section,  
185 sections 1 to 6, inclusive, and section 9 of this act and section 3-22o of  
186 the general statutes, as amended by this act, that the state will not limit  
187 or alter the rights under said sections vested in the trust or contract  
188 with the trust until such obligations are fully met and discharged and  
189 such contracts are fully performed on the part of the trust, provided  
190 nothing contained in this section shall preclude such limitation or  
191 alteration if adequate provision is made by law for the protection of  
192 such depositors and designated beneficiaries pursuant to the  
193 obligations of the trust or parties who entered into such contracts with  
194 the trust. The trust, on behalf of the state, may include this pledge and  
195 undertaking for the state in participation agreements and such other  
196 obligations or contracts.

197       Sec. 8. Section 3-22o of the general statutes is repealed and the  
198 following is substituted in lieu thereof (*Effective October 1, 2015*):

199       The Treasurer shall take any action necessary to ensure that the trust  
200 complies with all applicable requirements of federal and state laws,  
201 rules and regulations to the extent necessary for the trust to constitute  
202 a qualified state tuition program and be exempt from taxation under  
203 Section 529 of the Internal Revenue Code and the ABLÉ Act of 2014,  
204 P.L. 113-295.

205       Sec. 9. (NEW) (*Effective October 1, 2015*) Notwithstanding any  
206 provision of the general statutes, moneys invested in an ABLÉ account,  
207 contributions to an ABLÉ account of an individual and distributions

208 for qualified disability expenses shall be disregarded for purposes of  
209 determining an individual's eligibility for assistance under the  
210 temporary family assistance program, as described in section 17b-112  
211 of the general statutes, programs funded under the federal Low  
212 Income Home Energy Assistance Program block grant and any other  
213 federally funded assistance or benefit program, including the state's  
214 medical assistance program, that requires consideration of one or more  
215 financial circumstances of an individual, for the purpose of  
216 determining eligibility to receive, or the amount of, any assistance or  
217 benefit.

218 Sec. 10. Subparagraph (B) of subdivision (20) of subsection (a) of  
219 section 12-701 of the general statutes, as amended by section 50 of  
220 public act 14-47, is repealed and the following is substituted in lieu  
221 thereof (*Effective October 1, 2015 and applicable to taxable years*  
222 *commencing on or after January 1, 2015*):

223 (B) There shall be subtracted therefrom (i) to the extent properly  
224 includable in gross income for federal income tax purposes, any  
225 income with respect to which taxation by any state is prohibited by  
226 federal law, (ii) to the extent allowable under section 12-718, exempt  
227 dividends paid by a regulated investment company, (iii) the amount of  
228 any refund or credit for overpayment of income taxes imposed by this  
229 state, or any other state of the United States or a political subdivision  
230 thereof, or the District of Columbia, to the extent properly includable  
231 in gross income for federal income tax purposes, (iv) to the extent  
232 properly includable in gross income for federal income tax purposes  
233 and not otherwise subtracted from federal adjusted gross income  
234 pursuant to clause (x) of this subparagraph in computing Connecticut  
235 adjusted gross income, any tier 1 railroad retirement benefits, (v) to the  
236 extent any additional allowance for depreciation under Section 168(k)  
237 of the Internal Revenue Code, as provided by Section 101 of the Job  
238 Creation and Worker Assistance Act of 2002, for property placed in  
239 service after December 31, 2001, but prior to September 10, 2004, was  
240 added to federal adjusted gross income pursuant to subparagraph

241 (A)(ix) of this subdivision in computing Connecticut adjusted gross  
242 income for a taxable year ending after December 31, 2001, twenty-five  
243 per cent of such additional allowance for depreciation in each of the  
244 four succeeding taxable years, (vi) to the extent properly includable in  
245 gross income for federal income tax purposes, any interest income  
246 from obligations issued by or on behalf of the state of Connecticut, any  
247 political subdivision thereof, or public instrumentality, state or local  
248 authority, district or similar public entity created under the laws of the  
249 state of Connecticut, (vii) to the extent properly includable in  
250 determining the net gain or loss from the sale or other disposition of  
251 capital assets for federal income tax purposes, any gain from the sale  
252 or exchange of obligations issued by or on behalf of the state of  
253 Connecticut, any political subdivision thereof, or public  
254 instrumentality, state or local authority, district or similar public entity  
255 created under the laws of the state of Connecticut, in the income year  
256 such gain was recognized, (viii) any interest on indebtedness incurred  
257 or continued to purchase or carry obligations or securities the interest  
258 on which is subject to tax under this chapter but exempt from federal  
259 income tax, to the extent that such interest on indebtedness is not  
260 deductible in determining federal adjusted gross income and is  
261 attributable to a trade or business carried on by such individual, (ix)  
262 ordinary and necessary expenses paid or incurred during the taxable  
263 year for the production or collection of income which is subject to  
264 taxation under this chapter but exempt from federal income tax, or the  
265 management, conservation or maintenance of property held for the  
266 production of such income, and the amortizable bond premium for the  
267 taxable year on any bond the interest on which is subject to tax under  
268 this chapter but exempt from federal income tax, to the extent that  
269 such expenses and premiums are not deductible in determining federal  
270 adjusted gross income and are attributable to a trade or business  
271 carried on by such individual, (x) (I) for a person who files a return  
272 under the federal income tax as an unmarried individual whose  
273 federal adjusted gross income for such taxable year is less than fifty  
274 thousand dollars, or as a married individual filing separately whose  
275 federal adjusted gross income for such taxable year is less than fifty

276 thousand dollars, or for a husband and wife who file a return under  
277 the federal income tax as married individuals filing jointly whose  
278 federal adjusted gross income for such taxable year is less than sixty  
279 thousand dollars or a person who files a return under the federal  
280 income tax as a head of household whose federal adjusted gross  
281 income for such taxable year is less than sixty thousand dollars, an  
282 amount equal to the Social Security benefits includable for federal  
283 income tax purposes; and (II) for a person who files a return under the  
284 federal income tax as an unmarried individual whose federal adjusted  
285 gross income for such taxable year is fifty thousand dollars or more, or  
286 as a married individual filing separately whose federal adjusted gross  
287 income for such taxable year is fifty thousand dollars or more, or for a  
288 husband and wife who file a return under the federal income tax as  
289 married individuals filing jointly whose federal adjusted gross income  
290 from such taxable year is sixty thousand dollars or more or for a  
291 person who files a return under the federal income tax as a head of  
292 household whose federal adjusted gross income for such taxable year  
293 is sixty thousand dollars or more, an amount equal to the difference  
294 between the amount of Social Security benefits includable for federal  
295 income tax purposes and the lesser of twenty-five per cent of the Social  
296 Security benefits received during the taxable year, or twenty-five per  
297 cent of the excess described in Section 86(b)(1) of the Internal Revenue  
298 Code, (xi) to the extent properly includable in gross income for federal  
299 income tax purposes, any amount rebated to a taxpayer pursuant to  
300 section 12-746, (xii) to the extent properly includable in the gross  
301 income for federal income tax purposes of a designated beneficiary,  
302 any distribution to such beneficiary from any qualified state tuition  
303 program, as defined in Section 529(b) of the Internal Revenue Code,  
304 established and maintained by this state or any official, agency or  
305 instrumentality of the state, (xiii) to the extent allowable under section  
306 12-701a, contributions to accounts established pursuant to any  
307 qualified state tuition program, as defined in Section 529(b) of the  
308 Internal Revenue Code, established and maintained by this state or  
309 any official, agency or instrumentality of the state, (xiv) to the extent  
310 properly includable in gross income for federal income tax purposes,

311 the amount of any Holocaust victims' settlement payment received in  
312 the taxable year by a Holocaust victim, (xv) to the extent properly  
313 includable in gross income for federal income tax purposes of an  
314 account holder, as defined in section 31-51ww, interest earned on  
315 funds deposited in the individual development account, as defined in  
316 section 31-51ww, of such account holder, (xvi) to the extent properly  
317 includable in the gross income for federal income tax purposes of a  
318 designated beneficiary, as defined in section 3-123aa, interest,  
319 dividends or capital gains earned on contributions to accounts  
320 established for the designated beneficiary pursuant to the Connecticut  
321 Homecare Option Program for the Elderly established by sections 3-  
322 123aa to 3-123ff, inclusive, (xvii) to the extent properly includable in  
323 gross income for federal income tax purposes, fifty per cent of the  
324 income received from the United States government as retirement pay  
325 for a retired member of (I) the Armed Forces of the United States, as  
326 defined in Section 101 of Title 10 of the United States Code, or (II) the  
327 National Guard, as defined in Section 101 of Title 10 of the United  
328 States Code, (xviii) to the extent properly includable in gross income  
329 for federal income tax purposes for the taxable year, any income from  
330 the discharge of indebtedness in connection with any reacquisition,  
331 after December 31, 2008, and before January 1, 2011, of an applicable  
332 debt instrument or instruments, as those terms are defined in Section  
333 108 of the Internal Revenue Code, as amended by Section 1231 of the  
334 American Recovery and Reinvestment Act of 2009, to the extent any  
335 such income was added to federal adjusted gross income pursuant to  
336 subparagraph (A)(x) of this subdivision in computing Connecticut  
337 adjusted gross income for a preceding taxable year, (xix) to the extent  
338 not deductible in determining federal adjusted gross income, the  
339 amount of any contribution to a manufacturing reinvestment account  
340 established pursuant to section 32-9zz in the taxable year that such  
341 contribution is made, [and] (xx) to the extent properly includable in  
342 gross income for federal income tax purposes, for the taxable year  
343 commencing January 1, 2015, ten per cent of the income received from  
344 the state teachers' retirement system, for the taxable year commencing  
345 January 1, 2016, twenty-five per cent of the income received from the

346 state teachers' retirement system, and for the taxable year commencing  
 347 January 1, 2017, and each taxable year thereafter, fifty per cent of the  
 348 income received from the state teachers' retirement system, and (xxi) to  
 349 the extent properly includable in gross income for federal income tax  
 350 purposes the amount of any contribution to an ABLE account, as  
 351 defined in section 1 of this act, in the taxable year that such  
 352 contribution is made.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2015</i>	New section
Sec. 2	<i>October 1, 2015</i>	New section
Sec. 3	<i>October 1, 2015</i>	New section
Sec. 4	<i>October 1, 2015</i>	New section
Sec. 5	<i>October 1, 2015</i>	New section
Sec. 6	<i>October 1, 2015</i>	New section
Sec. 7	<i>October 1, 2015</i>	New section
Sec. 8	<i>October 1, 2015</i>	3-22o
Sec. 9	<i>October 1, 2015</i>	New section
Sec. 10	<i>October 1, 2015 and applicable to taxable years commencing on or after January 1, 2015</i>	12-701(a)(20)(B)

**Statement of Legislative Commissioners:**

In Section 1, "this section and sections 2 to 8, inclusive, of this act" was changed to "this section, sections 2 to 7, inclusive, and section 9 of this act and section 3-22o of the general statutes, as amended by this act"; in Section 1(1) and 1(11), "sections 2 to 8, inclusive, of this act" was changed to "sections 2 to 7, inclusive, and section 9 of this act and section 3-22o of the general statutes, as amended by this act"; in Sections 2(a) and 2(b), "sections 1 to 8, inclusive, of this act" was changed to "sections 1 to 7, inclusive, and section 9 of this act and section 3-22o of the general statutes, as amended by this act"; in Section 3(8), "sections 1 to 8, inclusive, of this act" was changed to sections 1 to 7, inclusive, and section 9 of this act and section 3-22o of the general statutes, as amended by this act,"; in Section 7, "sections 1 to 8, inclusive, of this act" was changed to "this section, "sections 1 to 6,

inclusive, and section 9 of this act and section 3-22o of the general statutes, as amended by this act", for accuracy and internal consistency.

**PRI**

*Joint Favorable Subst. C/R*

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