

OFFICE OF FISCAL ANALYSIS

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HB-6753

AN ACT CONCERNING ABLE ACCOUNTS.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 24 \$	FY 25 \$
Department of Revenue Services	GF - Revenue Loss	None	Up to 4.1 million
Treasurer	GF - Cost	63,750	85,000
State Comptroller - Fringe Benefits ¹	GF - Cost	27,298	36,397
Department of Revenue Services	GF - Cost	Up to 75,000	None

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill, which makes a number of changes to the state's Achieving a Better Life (ABLE) program, results in the following impacts:

Section 1 requires the State Treasurer to designate a director of outreach for the ABLE program, which results in a cost to the State Treasurer of \$91,048 in FY 24 and \$121,397 annually beginning in FY 25 associated with hiring one executive assistant (\$85,000 annual salary and \$36,397 fringe benefit cost).

Section 2 establishes a personal income tax deduction for ABLE account contributions, which results in a General Fund revenue loss of

¹The fringe benefit costs for most state employees are budgeted centrally in accounts administered by the Comptroller. The estimated active employee fringe benefit cost associated with most personnel changes is 42.82% of payroll in FY 24.

approximately \$100,000 annually beginning in FY 25. This is based on data from the Office of the State Treasurer indicating contributions totaled \$1,421,902 in FY 22 and \$610,477 in FY 21.

Section 3 establishes a tax credit for businesses making contributions to employees' ABLE accounts. This results in a General Fund revenue loss of up to \$4 million annually beginning in FY 25.

Sections 2 & 3 also result in a one-time cost of up to \$75,000 to the Department of Revenue Services in FY 24 only associated with programming updates to the CTax tax administration system and myconneCT online portal, and form modification.

Section 4 specifies that, to the extent allowed under federal law, the state cannot conduct estate recoveries against funds originating from ABLE accounts of Medicaid beneficiaries, which has no fiscal impact.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation and growth in the number of ABLE accounts established.

Sources: Office of the State Treasurer Annual Report of the ABLE Trust to the General Assembly's Committees on Finance, Revenue, and Bonding and Public Health