

112TH CONGRESS
1ST SESSION

H. R. 3423

To amend the Internal Revenue Code of 1986 to provide for the tax treatment of ABLE accounts established under State programs for the care of family members with disabilities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 15, 2011

Mr. CRENSHAW (for himself, Mr. VAN HOLLEN, Mrs. McMORRIS RODGERS, Mr. PAUL, Mr. HARPER, Mr. YOUNG of Florida, Mr. ROGERS of Kentucky, Mr. DEUTCH, Mr. CARNAHAN, Mr. BISHOP of New York, Mr. HOLT, Mr. SESSIONS, Mr. FRANK of Massachusetts, Mr. BURTON of Indiana, Ms. NORTON, Mr. MICHAUD, Mr. TOWNS, Mrs. EMERSON, Mr. DIAZ-BALART, Mr. WOLF, Mr. LANGEVIN, Mr. KLINE, Mr. VISCLOSKY, Mr. CONNOLLY of Virginia, Mr. KING of New York, Mr. POE of Texas, Mr. ROTHMAN of New Jersey, Mr. GALLEGLY, and Mr. MILLER of Florida) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Internal Revenue Code of 1986 to provide for the tax treatment of ABLE accounts established under State programs for the care of family members with disabilities, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Achieving a Better
3 Life Experience Act of 2011” or the “ABLE Act of
4 2011”.

5 **SEC. 2. PURPOSES.**

6 The purposes of this Act are as follows:

7 (1) To encourage and assist individuals and
8 families in saving private funds for the purpose of
9 supporting individuals with disabilities to maintain
10 health, independence, and quality of life.

11 (2) To provide secure funding for disability-re-
12 lated expenses on behalf of designated beneficiaries
13 with disabilities that will supplement, but not sup-
14 plant, benefits provided through private insurance,
15 the Medicaid program under title XIX of the Social
16 Security Act, the supplemental security income pro-
17 gram under title XVI of such Act, the beneficiary’s
18 employment, and other sources.

19 **SEC. 3. ABLE ACCOUNTS.**

20 (a) ESTABLISHMENT.—

21 (1) IN GENERAL.—Section 529 of the Internal
22 Revenue Code of 1986 is amended by redesignating
23 subsection (f) as subsection (g) and by inserting
24 after subsection (e) the following new subsection:

25 “(f) ABLE ACCOUNTS.—

1 “(1) GENERAL RULES.—For purposes of any
2 other provision of law with respect to a qualified
3 ABLE program and an ABLE account, except as
4 otherwise provided in this subsection—

5 “(A) a qualified ABLE program and an
6 ABLE account shall be treated in the same
7 manner as a qualified tuition program and an
8 account described in subsection (b)(1)(A)(ii),
9 respectively, are treated, and

10 “(B) qualified disability expenses with re-
11 spect to a program or account described in sub-
12 paragraph (A) shall be treated in the same
13 manner as qualified higher education expenses
14 are treated.

15 “(2) QUALIFIED ABLE PROGRAM.—For pur-
16 poses of this subsection, the term ‘qualified ABLE
17 program’ means a program established and main-
18 tained by a State or agency or instrumentality there-
19 of—

20 “(A) under which a person may make con-
21 tributions to an ABLE account which is estab-
22 lished for the purpose of meeting the qualified
23 disability expenses of the designated beneficiary
24 of the account,

1 “(B) which meets the requirements of the
2 preceding subsections of this section (as modi-
3 fied by this subsection), determined by sub-
4 stituting—

5 “(i) ‘qualified ABLE program’ for
6 ‘qualified tuition program’, and

7 “(ii) ‘ABLE account’ for ‘account’,
8 and

9 “(C) which meets the other requirements
10 of this subsection.

11 “(3) QUALIFIED DISABILITY EXPENSES.—For
12 purposes of this subsection—

13 “(A) IN GENERAL.—The term ‘qualified
14 disability expenses’ means any expenses which
15 are made for the benefit of an individual with
16 a disability who is a designated beneficiary.

17 “(B) EXPENSES INCLUDED.—The fol-
18 lowing expenses shall be qualified disability ex-
19 penses if such expenses are made for the benefit
20 of an individual with a disability who is a des-
21 ignated beneficiary and are related to such dis-
22 ability:

23 “(i) EDUCATION.—Expenses for edu-
24 cation, including tuition for preschool thru
25 post-secondary education, books, supplies,

1 and educational materials related to such
2 education, tutors, and special education
3 services.

4 “(ii) HOUSING.—Expenses for a pri-
5 mary residence, including rent, purchase of
6 a primary residence or an interest in a pri-
7 mary residence, mortgage payments, real
8 property taxes, and utility charges.

9 “(iii) TRANSPORTATION.—Expenses
10 for transportation, including the use of
11 mass transit, the purchase or modification
12 of vehicles, and moving expenses.

13 “(iv) EMPLOYMENT SUPPORT.—Ex-
14 penses related to obtaining and maintain-
15 ing employment, including job-related
16 training, assistive technology, and personal
17 assistance supports.

18 “(v) HEALTH, PREVENTION, AND
19 WELLNESS.—Expenses for health and
20 wellness, including premiums for health in-
21 surance, mental health, medical, vision,
22 and dental expenses, habilitation and reha-
23 bilitation services, durable medical equip-
24 ment, therapy, respite care, long term serv-
25 ices and supports, nutritional management,

1 communication services and devices, adapt-
2 ive equipment, assistive technology, and
3 personal assistance.

4 “(vi) MISCELLANEOUS EXPENSES.—
5 Financial management and administrative
6 services; legal fees; expenses for oversight;
7 monitoring; home improvements, and modi-
8 fications, maintenance and repairs, at pri-
9 mary residence; or funeral and burial ex-
10 penses.

11 “(vii) ASSISTIVE TECHNOLOGY AND
12 PERSONAL SUPPORT SERVICES.—Expenses
13 for assistive technology and personal sup-
14 port with respect to any item described in
15 clauses (i) through (vi).

16 “(viii) OTHER APPROVED EX-
17 PENSES.—Any other expenses which are
18 approved by the Secretary under regula-
19 tions and consistent with the purposes of
20 this section.

21 “(C) INDIVIDUAL WITH A DISABILITY.—

22 “(i) IN GENERAL.—Except as pro-
23 vided in clause (ii), an individual is an in-
24 dividual with a disability for a year if the
25 individual (regardless of age)—

1 “(I) has a medically determinable
2 physical or mental impairment, which
3 results in marked and severe func-
4 tional limitations, and which can be
5 expected to result in death or which
6 has lasted or can be expected to last
7 for a continuous period of not less
8 than 12 month, or

9 “(II) is blind.

10 “(ii) DISABILITY CERTIFICATION RE-
11 QUIRED.—An individual shall not be treat-
12 ed as an individual with a disability for a
13 year unless the individual—

14 “(I) is receiving (or, for purposes
15 of title XIX of the Social Security
16 Act, is deemed to be, or treated as, re-
17 ceiving) benefits under the supple-
18 mental security income program
19 under title XVI of such Act, or whose
20 benefits under such program are sus-
21 pended other than by reason of mis-
22 conduct,

23 “(II) is receiving disability bene-
24 fits under title II of such Act, or

1 “(III) files a disability certifi-
2 cation with the Secretary for such
3 year.

4 “(iii) DISABILITY CERTIFICATION DE-
5 FINED.—The term ‘disability certification’
6 means, with respect to an individual, a cer-
7 tification to the satisfaction of the Sec-
8 retary by the designated beneficiary or the
9 parent or guardian of the designated bene-
10 fiary that—

11 “(I) the individual meets the cri-
12 teria described in clause (i), and

13 “(II) includes a copy of the des-
14 ignated beneficiary’s diagnosis, signed
15 by a physician meeting the criteria of
16 section 1861(r)(1) of the Social Secu-
17 rity Act.

18 “(iv) RESTRICTION ON USE OF CER-
19 TIFICATION.—No inference may be drawn
20 from a disability certification for purposes
21 of establishing eligibility for benefits under
22 title II or XVI of the Social Security Act.

23 “(4) ROLLOVERS FROM ABLE ACCOUNTS.—The
24 limits on contributions pursuant to subsection (b)(6)
25 shall not apply to any amount paid or distributed

1 from an ABLE account to the extent that the
2 amount received is paid, not later than the 60th day
3 after the date of such payment or distribution,
4 into—

5 “(A) another ABLE account for the ben-
6 efit of—

7 “(i) the same beneficiary, or

8 “(ii) an individual who—

9 “(I) is the spouse of such indi-
10 vidual with a disability, or bears a re-
11 lationship to such individual with a
12 disability which is described in section
13 152(d)(2), and

14 “(II) is also an individual with a
15 disability,

16 “(B) any trust which is described in sub-
17 paragraph (A) or (C) of section 1917(d)(4) of
18 the Social Security Act and which is for the
19 benefit of an individual described in clause (i)
20 or (ii) of subparagraph (A), or

21 “(C) a qualified tuition program—

22 “(i) for the benefit of the designated
23 beneficiary, or

24 “(ii) to the credit of another des-
25 ignated beneficiary under a qualified tui-

1 tion program who is a member of the fam-
2 ily of the designated beneficiary with re-
3 spect to which the distribution was made.

4 The preceding sentence shall not apply to any pay-
5 ment or distribution if it applied to any prior pay-
6 ment or distribution during the 12-month period
7 ending on the date of the payment or distribution.

8 “(5) TRANSFER TO STATE.—Subject to any
9 outstanding payments due for qualified disability ex-
10 penses, in the case that the designated beneficiary
11 dies or ceases to be an individual with a disability,
12 all amounts remaining in the qualified ABLE ac-
13 count not in excess of the amount equal to the total
14 medical assistance paid for the designated bene-
15 ficiary after the establishment of the account, net of
16 any premiums paid from the account or paid by or
17 on behalf of the beneficiary to a Medicaid Buy-In
18 program, under any State Medicaid plan established
19 under title XIX of the Social Security Act shall be
20 distributed to such State upon filing of a claim for
21 payment by such State. For purposes of this para-
22 graph, the State shall be a creditor of an ABLE ac-
23 count and not a beneficiary. Subsection (c)(3) shall
24 not apply to a distribution under the preceding sen-
25 tence.

1 “(6) REGULATIONS.—Not later than 6 months
2 after the date of the enactment of this section, the
3 Secretary may prescribe such regulations or other
4 guidance as the Secretary determines necessary or
5 appropriate to carry out the purposes of this section,
6 including regulations to prevent fraud and abuse
7 with respect to amounts claimed as qualified dis-
8 ability expenses.”.

9 (2) CONFORMING AMENDMENT.—Paragraph (2)
10 of section 6693(a) of the Internal Revenue Code of
11 1986 such Code is amended by striking “and” at the
12 end of subparagraph (D), by striking the period at
13 the end of subparagraph (E) and inserting “and”,
14 and by inserting after subparagraph (E) the fol-
15 lowing new subparagraph:

16 “(F) section 529(d) by reason of 529(f)
17 (relating to ABLE accounts).”.

18 (b) ANNUAL REPORTS.—

19 (1) IN GENERAL.—The Secretary of the Treas-
20 ury shall report annually to Congress on the usage
21 of ABLE accounts under section 529(f) of the Inter-
22 nal Revenue Code of 1986.

23 (2) CONTENTS OF REPORT.—Any report under
24 paragraph (1) shall include—

1 (A) the number of people with an ABLE
2 account,

3 (B) the total amount of contributions to
4 such accounts,

5 (C) the total amount and nature of dis-
6 tributions from such accounts,

7 (D) issues relating to the abuse of such ac-
8 counts, if any, and

9 (E) the amounts repaid from such ac-
10 counts to State Medicaid programs established
11 under title XIX of the Social Security Act.

12 (c) EFFECTIVE DATE.—The amendments made by
13 this section shall apply to taxable years beginning after
14 the date of the enactment of this Act.

15 **SEC. 4. TREATMENT OF ABLE ACCOUNTS UNDER CERTAIN**
16 **FEDERAL PROGRAMS.**

17 (a) ACCOUNT FUNDS DISREGARDED FOR PURPOSES
18 OF CERTAIN OTHER MEANS-TESTED FEDERAL PRO-
19 GRAMS.—Notwithstanding any other provision of Federal
20 law that requires consideration of 1 or more financial cir-
21 cumstances of an individual, for the purpose of deter-
22 mining eligibility to receive, or the amount of, any assist-
23 ance or benefit authorized by such provision to be provided
24 to or for the benefit of such individual, any amount (in-
25 cluding earnings thereon) in any ABLE account (as de-

1 fined in section 529(f) of the Internal Revenue Code of
2 1986) of such individual, and any distribution for qualified
3 disability expenses (as defined in paragraph (3) of such
4 section) shall be disregarded for such purpose with respect
5 to any period during which such individual maintains,
6 makes contributions to, or receives distributions from such
7 ABLE account, except that, in the case of the supple-
8 mental security income program under title XVI of the
9 Social Security Act, a distribution for housing expenses
10 (as defined in subparagraph (B)(ii) of such paragraph)
11 shall not be so disregarded, and in the case of such pro-
12 gram, only the 1st \$100,000 of the amount (including
13 such earnings) in such ABLE account shall be so dis-
14 regarded.

15 (b) SUSPENSION OF SSI BENEFITS DURING PERI-
16 ODS OF EXCESSIVE ACCOUNT FUNDS.—

17 (1) IN GENERAL.—The benefits of an individual
18 under the supplemental security income program
19 under title XVI of the Social Security Act shall not
20 be terminated, but shall be suspended, by reason of
21 excess resources of the individual attributable to an
22 amount in the ABLE account (as defined in section
23 529(f) of the Internal Revenue Code of 1986) of the
24 individual not disregarded under subsection (a) of
25 this section.

1 (2) NO IMPACT ON MEDICAID ELIGIBILITY.—An
2 individual who would be receiving payment of such
3 supplemental security income benefits but for the
4 application of the previous sentence shall be treated
5 for purposes of title XIX of the Social Security Act
6 as if the individual continued to be receiving pay-
7 ment of such benefits.

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