

By: Perry, et al.

S.B. No. 1664

A BILL TO BE ENTITLED

AN ACT

relating to the establishment of the Texas Achieving a Better Life Experience (ABLE) Program; authorizing the imposition of fees.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 54.602(b), Education Code, is amended to read as follows:

(b) The board shall administer the prepaid higher education tuition program established under this subchapter, ~~and~~ the higher education savings plan established under Subchapter G, and the Texas Achieving a Better Life Experience Program created under Chapter 162, Human Resources Code.

SECTION 2. The heading to Section 54.634, Education Code, is amended to read as follows:

Sec. 54.634. ESTABLISHMENT OF TRUST FUND; COLLEGE SAVINGS PLAN ACCOUNT; TEXAS ABLE SAVINGS PLAN ACCOUNT.

SECTION 3. Section 54.634, Education Code, is amended by adding Subsection (e) to read as follows:

(e) The Texas ABLE savings plan account is created within the Texas tomorrow constitutional trust fund and is financed through administrative fees and service charges as authorized by Section 162.004, Human Resources Code.

SECTION 4. Title 11, Human Resources Code, is amended by adding Chapter 162 to read as follows:

CHAPTER 162. TEXAS ACHIEVING A BETTER

1                   LIFE EXPERIENCE (ABLE) PROGRAM

2           Sec. 162.001. PURPOSES OF PROGRAM. The purposes of this  
3 chapter are as follows:

4           (1) to encourage and assist individuals and families  
5 in saving private funds for the purpose of supporting individuals  
6 with disabilities to maintain health, independence, and quality of  
7 life; and

8           (2) to provide secure funding for qualified disability  
9 expenses on behalf of designated beneficiaries with disabilities  
10 that will supplement, but not supplant, benefits provided through  
11 private insurance, the Medicaid program under Title XIX of the  
12 Social Security Act, the supplemental security income program under  
13 Title XVI of the Social Security Act, the beneficiary's employment,  
14 and other sources.

15           Sec. 162.002. DEFINITIONS. In this chapter:

16           (1) "ABLE account" has the meaning assigned by Section  
17 529A, Internal Revenue Code.

18           (2) "ABLE program" or "program" means the Texas  
19 Achieving a Better Life Experience Program created under this  
20 chapter.

21           (3) "Benefits" means the payment of qualified  
22 disability expenses on behalf of a designated beneficiary from an  
23 ABLE account.

24           (4) "Board" means the Prepaid Higher Education Tuition  
25 Board established under Section 54.602, Education Code.

26           (5) "Designated beneficiary" and "eligible  
27 individual" have the meanings assigned by Section 529A, Internal

1 Revenue Code.

2 (6) "Financial institution" means a bank, trust  
3 company, an insurance company, or a registered investment company.

4 (7) "Internal Revenue Code" means the Internal Revenue  
5 Code of 1986.

6 (8) "Participant" means a person who has entered into  
7 a participation agreement under this chapter.

8 (9) "Participation agreement" means an agreement  
9 between a participant and the board under this chapter that  
10 conforms to the requirements prescribed by this chapter.

11 (10) "Qualified disability expenses" has the meaning  
12 assigned by Section 529A, Internal Revenue Code.

13 (11) "Texas ABLE savings plan account" means the Texas  
14 ABLE savings plan account created under Section 54.634(e),  
15 Education Code.

16 Sec. 162.003. CREATION; ADMINISTRATION. (a) The Texas  
17 Achieving a Better Life Experience (ABLE) Program is created under  
18 this chapter.

19 (b) The board shall administer the ABLE program.

20 Sec. 162.004. POWERS AND DUTIES OF BOARD. (a) To  
21 establish and administer the ABLE program, the board shall:

22 (1) develop and implement the program;

23 (2) adopt reasonable rules and establish policies and  
24 procedures to implement this chapter to:

25 (A) permit the program to qualify as a qualified  
26 ABLE program under Section 529A, Internal Revenue Code; and

27 (B) ensure the program's compliance with all

1 applicable laws;

2 (3) either directly or through a contractual  
3 arrangement with a financial institution for investment services,  
4 develop and implement educational programs and related  
5 informational materials for participants and their families,  
6 including special programs and materials to inform individuals with  
7 disabilities regarding methods for financing the qualified  
8 disability expenses of individuals with disabilities to enable  
9 those individuals to maintain health, independence, and quality of  
10 life;

11 (4) enter into agreements with any financial  
12 institution or any state or federal agency or entity as required to  
13 administer the program under this chapter;

14 (5) enter into participation agreements with  
15 participants;

16 (6) solicit and accept any gifts, grants, legislative  
17 appropriations, and other funds from the state, any unit of  
18 federal, state, or local government, or any other person, firm,  
19 partnership, or corporation for deposit to the Texas ABLE savings  
20 plan account;

21 (7) invest participant funds in appropriate  
22 investment instruments;

23 (8) appoint members to an advisory committee who are  
24 stakeholders from the disability community;

25 (9) make provision for the payment of costs of  
26 administering the program; and

27 (10) procure insurance, guarantees, or other

1 protections against any loss in connection with the assets or  
2 activities of the program.

3 (b) The board has all powers necessary or proper to carry  
4 out its duties under this chapter and to effectuate the purposes of  
5 this chapter, including the power to:

6 (1) enter into contracts and other necessary  
7 instruments;

8 (2) enter into agreements or other transactions with  
9 the United States, state agencies, and other entities as necessary;

10 (3) appear on its own behalf before governmental  
11 agencies;

12 (4) contract for necessary goods and services,  
13 including specifying in the contract duties to be performed by the  
14 provider of a good or service that are a part of or are in addition  
15 to the person's primary duties under the contract;

16 (5) engage the services of private consultants,  
17 actuaries, trustees, records administrators, managers, legal  
18 counsel, and auditors for administrative or technical assistance;

19 (6) participate in any government program;

20 (7) impose charges and fees;

21 (8) contract with a person to market the program;

22 (9) make reports;

23 (10) purchase liability insurance covering the board  
24 and employees and agents of the board; and

25 (11) establish other policies, procedures, and  
26 eligibility criteria to implement this chapter.

27 Sec. 162.005. INVESTMENT OF FUNDS. (a) All money paid by a

1 participant in connection with a participation agreement shall be:

2 (1) deposited into an individual ABLE account held on  
3 behalf of that participant in the Texas ABLE savings plan account;  
4 and

5 (2) promptly invested by the board.

6 (b) For new contracts entered into after December 1, 2015,  
7 board members shall study investment plans of other states and  
8 contract with or negotiate to provide benefit options that are the  
9 same as or similar to other states' qualified plans for the purpose  
10 of offering additional options for participants.

11 (c) The board may delegate to duly appointed investment  
12 counselors authority to act on behalf of the board in the investment  
13 and reinvestment of all or part of the funds and may also delegate  
14 to those counselors the authority to act on behalf of the board in  
15 the holding, purchasing, selling, assigning, transferring, or  
16 disposing of any or all of the securities and investments in which  
17 the funds in the Texas ABLE savings plan account have been invested,  
18 as well as the proceeds from the investment of those funds. The  
19 investment counselors must be registered as investment advisors  
20 with the United States Securities and Exchange Commission.

21 (d) In exercising or delegating its investment powers and  
22 authority, members of the board shall exercise ordinary business  
23 care and prudence under the facts and circumstances prevailing at  
24 the time of the action or decision. A member of the board is not  
25 liable for any action taken or omitted with respect to the exercise  
26 of, or delegation of, those powers and authority if the member  
27 discharged the duties of the member's position in good faith and

1 with the degree of diligence, care, and skill that a prudent person  
2 acting in a like capacity and familiar with those matters would use  
3 in the conduct of an enterprise of a like character and with like  
4 aims.

5 (e) A company or firm in which a member of the board has a  
6 substantial interest may not handle an investment transaction  
7 authorized by the board. A member of the board may not profit  
8 directly or indirectly from an investment transaction authorized by  
9 the board.

10 (f) A member of the board or an employee or agent of the ABLE  
11 program may not receive any gain or profit from any funds or  
12 transactions of the ABLE program. A member's, employee's, or  
13 agent's acceptance of any gratuity or compensation for the purpose  
14 of influencing an action taken with respect to the investment or  
15 management of the funds of the ABLE program is grounds for removal  
16 or termination of the member, employee, or agent, as applicable.

17 Sec. 162.006. TREATMENT OF ASSETS. (a) The assets of the  
18 ABLE program shall at all times be preserved, invested, and spent  
19 only for the purposes provided by this chapter and in accordance  
20 with the participation agreements entered into under this chapter.

21 (b) The state does not have a property right in the assets of  
22 the ABLE program.

23 Sec. 162.007. PARTICIPATION AGREEMENTS. (a) Under the  
24 ABLE program, the board may enter into participation agreements  
25 with participants on behalf of designated beneficiaries.

26 (b) A participation agreement must:

27 (1) stipulate the terms and conditions of the ABLE

1 program in which the participant makes contributions;

2 (2) specify the method for calculating the return on  
3 the contribution made by the participant;

4 (3) clearly and prominently disclose to participants  
5 the risk associated with depositing funds with the board;

6 (4) be organized and presented in a way and with  
7 language that is easily understandable by the general public; and

8 (5) clearly and prominently disclose to participants  
9 the existence of any load charge or similar charge assessed against  
10 the ABLE accounts of the participants for administration or  
11 services.

12 (c) Consistent with Section 529A, Internal Revenue Code,  
13 the board shall establish:

14 (1) the maximum annual amount that a participant may  
15 contribute with respect to a designated beneficiary; and

16 (2) a total contribution limit for ABLE accounts  
17 established under the ABLE program with respect to a designated  
18 beneficiary.

19 (d) The board may establish other requirements that the  
20 board considers appropriate to provide adequate safeguards to  
21 prevent contributions on behalf of a designated beneficiary from  
22 exceeding the amount that is necessary to provide for the qualified  
23 disability expenses of the beneficiary.

24 Sec. 162.008. QUALIFIED DISABILITY EXPENSES.

25 Contributions to an ABLE account and the earnings on those  
26 contributions may be used, as provided in the participation  
27 agreement, to pay the qualified disability expenses of a designated



1 beneficiary.

2 Sec. 162.009. DESIGNATED BENEFICIARY. (a) The  
3 participant is the designated beneficiary of the ABLE account  
4 except as described by Subsection (b) and as otherwise permitted by  
5 Section 529A, Internal Revenue Code.

6 (b) If the designated beneficiary of the account is a minor  
7 or has a custodian or other fiduciary appointed for the purpose of  
8 managing the minor's financial affairs, the parent or custodian or  
9 other fiduciary of the beneficiary may serve as the participant if  
10 that form of ownership is permitted or not prohibited by Section  
11 529A, Internal Revenue Code.

12 Sec. 162.010. CANCELLATION. (a) A participant may cancel  
13 a participation agreement at will.

14 (b) Each participation agreement must provide that the  
15 agreement may be canceled on the terms and conditions and on payment  
16 of applicable fees and costs as provided by rule.

17 SECTION 5. This Act takes effect December 1, 2015.