

2017 SENATE GOVERNMENT AND VETERANS AFFAIRS

SB 2124

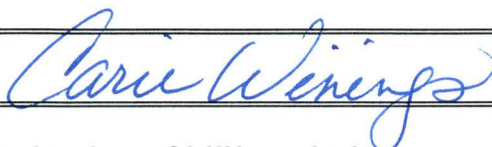
2017 SENATE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee
Sheyenne River Room, State Capitol

SB 2124
1/6/2017
Job Number 26644

☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act to amend and reenact section 6-09-38.1 of the North Dakota Century Code, relating to the achieving a better life experience plan.

Minutes:

Attachments: 1-5

Chairman Poolman: Opened the hearing on SB 2124.

James Barnhardt, Director, College Save & Able Plans, BND: See Attachment #1 for testimony to explain the bill and in support of the bill.

(5:20) Chairman Poolman: Asked for additional testimony in support of the bill.

(5:50) Vicki Peterson, Parent of a Disabled Youth, and Family Consultant for Family Voices of ND: See Attachment #2 for testimony in support of the bill.

(9:05) Chairman Poolman: Asked for any additional testimony in support of the bill.

(9:35) Roxane Romanick, Executive Director, Designer Genes of ND: See Attachment #3 for testimony in support of the bill.

(12:10) Chairman Poolman: Asked for any additional testimony in support of the bill.

(13:00) David Boeck, Director, Legal Services for the Protection and Advocacy Project: See Attachment #4 for testimony in support of the bill.

(15:20) Chairman Poolman: Ms. Romanick mentioned the confusion surrounding the application for eligibility and that further training is needed; is that your organization that would encourage the state Department of Human Services to get that training for their local social workers to help with that?

David Boeck: I have talked to the Department of Human Services about this and they have assured me that they have plans in place to train people for the Able Program How smoothly that is working out I do not know. There are a lot of things for eligibility workers to know and

there is some turnover in those positions. I believe there is going to be a guide developed for them.

James Barnhardt: I am going to be doing training for front line staff this coming Tuesday with the Department of Human Services for administrative managers and front line staff. We have had this in the planning for last couple of months. They have regularly scheduled meetings. We are working as best as we can to make sure that we get notice out there. We have gone out and talked to some financial advisors and we have done some webinars and things of that nature, but it is slow going getting information out to all levels across the counties. We are certainly working toward that.

(17:17) Bruce Murry, Executive Director, ND Association of Community Providers: I am here to say that we are in favor of the bill. My lobbyist registration is pending so I would like your permission to do so.

Chairman Poolman: Absolutely.

(17:55) Roy Schultze, Executive Director, Dakota Center for Independent Living, Bismarck: We are a non-profit agency that works with disabled to assist them in becoming more independent. We work with any types of disabilities. One of the services that we provide is representative PE services. We do that for approximately 50 individuals. That is individuals that cannot manage their money or have difficulty with that; Social Security will assign us to do that for them. A lot of the things that we run into doing is that their assets get too high where we have to do spend downs and sometimes they really don't need anything at that time. SB 2124 will allow them to put that money in that account for when they will need it. Just about every one of our consumers is on some type of means tested program or SSI. I would just like to say that I am in favor of this bill.

(19:35) Chairman Poolman: Asked for further testimony.

(20:00) Dustin Gawrylow, Managing Director, ND Watchdog Network: See Attachment #5 for testimony in support of the bill.

(22:18) Senator Vedaa: Is this something the federal government is allowing as a tax deduction at this time?

Dustin Gawrylow: I do not know, but I think there is probably a way to do it so that in ND tax code. I think there might be a way for the state to create its own mechanism for that and because it is already at the Bank of North Dakota it would not be terribly difficult to implement.

Senator Vedaa: On page 3, where there is net cost of contribution; in there I see the federal tax savings – that is where my question originated from.

Dustin Gawrylow: That probably wouldn't be in effect unless the feds allowed that as well, but the state level benefit would be there. The 40% from the state would be there but not the actual tax write off for the donation itself from the feds.

Chairman Poolman: You are essentially saying that we would have to remove that requirement that they are a non-profit organization.

Dustin Gawrylow: Yes, the idea is to be able to treat these the same way; and there can be limits, but I think there is a way in ND statute to do it. I do not get up and support tax credits often but my thinking is that if all these other charities are worthy of this then why would something like this that would end up saving the state, taxpayers, and other charities money not be? It is saving everyone money and it is giving wealthy taxpayers who want to find places to get tax write-offs a way to do it. It is a triple win situation. If anyone wants to get it going and sponsor it, I will support you.

Chairman Poolman: Asked for any further testimony and there was none. Closed the hearing on SB 2124.

Senator Bekkedahl: Moved a Do Pass.

Senator Vedaa: Seconded.

Chairman Poolman: This is common sense legislation. This was the whole point of the bill to begin with out of the gate. The idea that we somehow missed this piece of it is a little embarrassing for those of us who were in the legislature at the time it passed. I am very relieved that we are doing the right thing now.

A Roll Call Vote Was Taken: 5 yeas, 0 nays, 1 absent.

Motion Carried.

Chairman Poolman will carry the bill.

Date: 1/6
Roll Call Vote #: 1

2017 SENATE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2124

Senate Government and Veterans Affairs Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Bekkedahl Seconded By Vedaa

Senators	Yes	No	Senators	Yes	No
Chairman Poolman	<input checked="" type="checkbox"/>		Senator Marcellais	<input checked="" type="checkbox"/>	
Vice Chairman Davison	<input checked="" type="checkbox"/>				
Senator Bekkedahl	<input checked="" type="checkbox"/>				
Senator Meyer	<input checked="" type="checkbox"/>				
Senator Vedaa	<input checked="" type="checkbox"/>				

Total (Yes) 5 No 0

Absent 1

Floor Assignment Poolman

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2124: Government and Veterans Affairs Committee (Sen. Poolman, Chairman)
recommends **DO PASS** (5 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).
SB 2124 was placed on the Eleventh order on the calendar.

2017 HOUSE GOVERNMENT AND VETERANS AFFAIRS

SB 2124

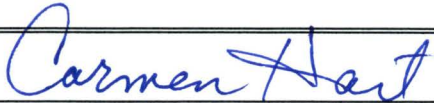
2017 HOUSE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee Fort Union, State Capitol

SB 2124
3/3/2017
28687

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to the achieving a better life experience plan

Minutes:

Attachments 1-3

Chairman Kasper opened the hearing on SB 2124.

James Barnhardt, Director, College SAVE & ABLE Plans, Bank of North Dakota, appeared in support. Attachment 1. (1:43-:06:03)

Chairman Kasper: Explain these plans.

James Barnhardt: An ABLE plan account can be opened by people with disabilities if the onset of that disability occurred prior to age 26. At the federal level they took the 5-2-9 plan model which is based on our college SAVE plan where individuals can put contributions into an investment and save for education related expenses, and earnings would grow tax deferred and tax free when you take a qualified expense. With the ABLE accounts, not only can do that for education, but you can do that for a litany list of other very important expenses as it relates to the disabled community. It is an investment. Many people would not choose to use these accounts for long term investments. They would choose to use these accounts for short term investments in order to pay for ongoing expenses. In order to keep your federally means tested aid and other state programs, if you save more than \$2,000, your aid can be impacted at the federal level. Now individuals can open up an account and can save \$14,000 annually into one of these investment accounts and use it for all of these qualified expenses. Over the lifetime of the account, they can save \$100,000 or \$102,000 with the original \$2,000 limit for all these expenses and still get their aid. There are over 20 plans that have now been launched. There is a consortium also available of 10-11 states that have joined forces. We are continuing to do additional research as to would it be advantageous for residents to be part of that consortium through us offering the plan in that consortium.

Rep. Vetter: The reason for this bill is to say that you can have a plan in any other state, because we don't really have a plan?

James Barnhardt: The amendment actually protects an individual who opens up an ABLE account whether it is with our state in the future if we choose to have a plan or if they choose to use an out of state plan. State means aid so if there is a formula in order to monitor what somebody has in assets and that formula would then be disregarded because we don't want to suspend any aid for somebody using one of these accounts because of the importance of being able to save over that \$2,000 limit.

Rep. Olson: Do the monies that are diverted or invested into these accounts count towards the regular income of that individual for determining whether they are eligible for different programs like an income test?

James Barnhardt: When it comes to the state means tested aid formulas for these particular programs, there could be a different set of criteria depending on the program.

Rep. Rohr: Could you speak about any administrative fees.

James Barnhardt: We currently waive administrative fees for North Dakota residents using the SAVE plan. We charge 85 basis points on the plan assets. On a \$1,000 investment over a course of a 12-month period of time, residents are charged \$8.50 for all the account management and investments and all those things. We are going to be reducing our fees to 55 basis points in May saving residents over \$350,000 a year in fees. Regarding the ABLE plans, the consortium that we are looking at is currently charging a \$40 administrative upfront fee. That may be an annual fee as well. The basis points on assets are anywhere between 34 and 38 points. We have set up a resource page on the Bank of ND website. On that resource page, it outlines the reason why you would want to open an account, some of the details that I have explained, all of the plans that are available, and a resource site where you can compare up to three different plans.

Chairman Kasper: Does the individual who owns the account have a website available so they can look at their account values and transactions?

James Barnhardt: Yes.

Roxane Romanick, Executive Director, Designer Genes of ND, appeared in support. Attachment 2. (:17:24-21:16)

David Boeck, Director of Legal Services for the Protection & Advocacy Project, appeared in support. Attachment 3. (:22:01-:25:47)

Rep. Schneider: If someone was awaiting an autism voucher, an ABLE account could preclude them from getting it under our state resource accounting?

David Boeck: That is correct.

Rep. Schneider: Would you advocate that we address those issues so that individuals with an ABLE account could still get some state's abuse disorder vouchers and autism vouchers, etc.? It would be a disincentive to open an ABLE account for say an autistic child with the

ability to go to college if the family knew he would be precluded from benefits that were needed. Right?

David Boeck: That is correct.

Rep. Olson: Are you aware of any tax credits or any other type of credit that might be available for private donors to put funds into an account like this?

David Boeck: I am not. In some states, they have state programs, but I don't believe there is anything at the federal level. There has been discussion a couple years ago about it, but that is not part of the package now.

Rep. Olson: Does this program have any features that exempt income from means testing rather than just assets, but income also?

David Boeck: I am not aware of how that works. I know these programs are primarily looking at exempting assets.

Chairman Kasper closed the hearing. Is anyone thinking about trying to add some amendments that might enhance this plan in ND?

Rep. Olson: I would like a little time to consider.

Chairman Kasper: I think the possibility of allowing a charitable tax deduction on ND state income tax might be something to see the ramifications of allowing that which would enhance the reasons for people to give to a program like this.

James Barnhardt: The state means tested aid programs that were identified is the same list that our amendment would be protecting and any local or state means tested programs that we are not aware of. Our 5-2-9, the college SAVE plan, does have a state tax deduction. That contribution in the investment not only grows state and federal tax deferred and tax free, it is used for qualified expenses which are room and board, books, fees, tuition, and computers. Those contributions are tax deductible on an annual basis for single tax filers up to \$5,000 and for married tax filers up to \$10,000.

2017 HOUSE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee Fort Union, State Capitol

SB 2124
3/10/2017
29026

- ☐ Subcommittee
☐ Conference Committee

Committee Clerk Signature

Carmen Hart

Explanation or reason for introduction of bill/resolution:

Relating to the achieving a better life experience plan

Minutes:

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Chairman Kasper opened the meeting on SB 2124. We were holding this bill because Rep. Olson was thinking about proposing an amendment. I understand you have decided not to do that.

Rep. Olson: I was thinking that it might be worth considering providing an income tax exemption for people that made contributions to any types of these accounts, but just given the current fiscal situation, I didn't want to tag anything on to this bill that could be looked on as having a negative fiscal impact to the state.

Rep. Rohr made a motion for a DO PASS on SB 2124.

Rep. Olson seconded the motion.

Chairman Kasper: This deals with establishing the ABLE plans for the state of North Dakota focusing on helping fund certain things for people with disabilities.

A roll call vote was taken. 13 Yeas, 0 Nays, 1 Absent.

Rep. Schneider will carry the bill.

Date: 3-10-17
Roll Call Vote #: 1

2017 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 2124

House Government and Veterans Affairs Committee

☐ Subcommittee

Amendment LC# or Description: _____

Recommendation: ☐ Adopt Amendment
☒ Do Pass ☐ Do Not Pass ☐ Without Committee Recommendation
☐ As Amended ☐ Rerefer to Appropriations
☐ Place on Consent Calendar
Other Actions: ☐ Reconsider ☐ _____

Motion Made By Rohr Seconded By Olson

Representatives	Yes	No	Representatives	Yes	No
Jim Kasper-Chairman	<u>X</u>		Pamela Anderson	<u>X</u>	
Scott Louser-Vice Chairman	<u>A</u>		Mary Schneider	<u>X</u>	
Jason Dockter	<u>X</u>				
Craig A. Johnson	<u>X</u>				
Daniel Johnston	<u>X</u>				
Karen Karls	<u>X</u>				
Ben Koppelman	<u>X</u>				
Vernon Laning	<u>X</u>				
Christopher D. Olson	<u>X</u>				
Karen M. Rohr	<u>X</u>				
Vicky Steiner	<u>X</u>				
Steve Vetter	<u>X</u>				

Total (Yes) 13 No 0

Absent 1

Floor Assignment Schneider

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2124: Government and Veterans Affairs Committee (Rep. Kasper, Chairman)
recommends **DO PASS** (13 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).
SB 2124 was placed on the Fourteenth order on the calendar.

2017 TESTIMONY

SB 2124

TESTIMONY TO THE
GOVERNMENT AND VETERANS AFFAIRS COMMITTEE

JANUARY 6, 2017

JAMES BARNHARDT – DIRECTOR, COLLEGE SAVE & ABLE PLANS

BANK OF NORTH DAKOTA

Madam Chairman Poolman and Senate Government and Veterans Affairs Committee members my name is James Barnhardt, College SAVE and ABLE Plan Director at Bank North Dakota. I am here today to support passage of Senate Bill 2124, , and to ask for your support of the Bill to amend section 6-09-38.1 of North Dakota Century Code as it pertains to the North Dakota Achieving a Better Life Experience Plan.

The original Bill, passed during the 2015 session, allows people to save for disability-related expenses in a federal tax-advantaged account without having federally means-tested aid impacted in any manner. Since passage of the bill a gap was identified. There are state means-tested aid programs which provide services and funding that without this amendment could negatively impact aid being received by those saving through the new ABLE Plan accounts.

North Dakota residents using the following programs could unintentionally have their aid suspended, reduced or stopped altogether without passage of this amendment thereby creating unnecessary hardships for people with disabilities:

- Service Payment to Elderly and Disabled (SPED) and Expanded SPED
- Aid to the Blind Remedial Care
- Autism Voucher
- Substance Use Disorder Voucher
- Personal Needs Allowance for Individuals receiving SSI and services in a long-term care setting
- Children's Special Health Services
- Reduced Price School Breakfast

We worked with organizations like Designer Genes, North Dakota Protection and Advocacy and the Department of Human Services to identify these means-tested programs and have worked to notify DHS staff and managers that the suspension of any aid for people with disabilities using ABLE Plan accounts was not the intended purpose of the federal or state legislation. The Department of Human Services agrees that this gap should be closed and we both agree that the best means to do so would be through the proposed amendment reading: *Money and assets in North Dakota achieving a better life experience plan accounts or in qualified achieving a better life experience plan accounts in any state may not be considered for the purpose of determining eligibility to receive, or the amount of, any assistance or benefits from local or state means-tested programs.*

I would like to take a moment to update you on significant changes to ABLE legislation at the federal level and how it impacted ABLE plans across the United States. After passage of our Bill, Congress removed a major hurdle to ABLE account ownership by eliminating the "home-state" rule, a rule that mandated residents of a state use only their resident state's ABLE program. The elimination of the "home-state" rule by Congress stalled other state legislation and in some cases caused legislation to be repealed. This also changed the course of ours and other states implementation plans.

Through professional consultation we determined that offering a North Dakota ABLE Plan in this new environment would not benefit state residents. Creating a plan in a less populated state like North Dakota would create higher long-term administrative costs and investment fees for residents and we would be in competition for accounts from other state and national plans that have more flexibility and much lower start-up costs. This would not be prudent or in the best interest of residents of North Dakota. But be assured that North Dakota residents have access to as many as eight programs that have launched nationwide with more coming on line.

By working through the administrative rules process, and with assistance from the Attorney General's office, we created a plan that educates North Dakota residents about their account options, provides for easily accessible online resources with immediate access to all currently available plans, and allows for communication with stakeholders across the state while monitoring the national ABLE landscape.

This roadmap is what led us here today. We are as committed as ever to removing obstacles that stand in the way of people participating in the low cost plan of their choice without undue or unforeseen burdens.

Thank you for your consideration and I am available for questions.

Testimony SB 2124

Senate Government and Veterans Affairs

Chairman Senator Nicole Poolman

January 6, 2017

Chairman Senator Poolman and Members of the Senate Government and Veterans Affairs Committee.

My name is Vicki Peterson and I am here today as a parent of a youth with a disability, to testify in favor of SB 2124. I also work as a Family Consultant for Family Voices of ND, which is the Family to Family Health Information Center in ND, a non-profit that works with families who have children and youth with special health care needs, chronic health issues and disabilities.

As parents of persons with disabilities and persons with disabilities, we experience many difficulties accepting monetary gifts including for special life events such as birthdays and graduation and income from employment, unlike those without disabilities can. The Achieving A Better Life Act (ABLE ACT) passed bi-partisan in Congress and signed by the President, on December 19th, 2014. This was a great day, a day that allowed tax-free savings accounts for individuals with disabilities.

It is recognized that there exist special financial burdens experienced by families raising children with disabilities and for persons with disabilities, that endure for a lifetime. ABLE accounts now are available that will allow a person with a disability, earn and save money just like persons without disabilities. Opening an ABLE account allows the person with a disability free from federal means asset testing for programs such as Medicaid and Social Security Income, (SSI) both vital

programs. The first \$100,000 in ABLE accounts would be exempted from the SSI \$2,000 individual resource limit. If or when, an ABLE account exceeds \$100,000, the beneficiary's SSI cash benefit would be suspended until the account falls back below \$100,000.

The Bank of ND offers resources on ABLE accounts in other states where a person with a disability can open an ABLE Account. The other states may not know of the state means testing that is not waived in ND at the present time. This information is vital for those opening accounts, as to not jeopardize state means testing programs they may utilize. These are programs such as Children Special Health Care Services that serve children with chronic health issues and the Autism Voucher which helps those with autism receive such items as assistive technology they may need to communicate among other things.

Passing SB 2124 with a Do Pass will allow those persons opening an ABLE Account to access the state programs that are vital to their well-being and quality of life. Furthermore, will allow persons with disabilities to save up to \$14,000 annually without impacting their need for both state and federal aid programs.

Thank you for your time and consideration on SB2124.

Vicki L Peterson

vickiasdc@bis.midco.net

701-258-2237



SB 2124 1-6-17 #3

SB 2124

**North Dakota Achieving a Better Life Experience (ABLE) Plan
Government and Veteran's Affairs
Friday, January 6, 2017**

Chairwoman Poolman and Members of the Senate Government and Veterans Affairs Committee:

My name is Roxane Romanick and I'm representing Designer Genes of ND, Inc., as their Executive Director. Designer Genes represents 140 individuals with Down syndrome and their families across the state of North Dakota. Designer Genes' mission is to strengthen opportunities for individuals with Down syndrome and those who support them to earn, learn, and belong.

I'm here to ask your support for SB 2124. Designer Genes is in support of assuring that North Dakota is increasing the opportunity for individuals with disabilities to take advantage of the Achieving a Better Life Experience Program by also including exemption for local and state means tested programs as well as federal programs

While I speak to you today as the director of Designer Genes, I also speak to you as a mom of a 17 year-old daughter, who has more hopes and dreams than you can imagine. Elizabeth is a freshman at Century High School and happens to have Down syndrome. Yesterday, she was looking at recording equipment to launch her career as a music producer and the day before she was browsing through college brochures. We have raised her to believe that you shouldn't limit your dreams, because it's those dreams that get us to the realities that can make our lives full and happy. Because of the advocacy at the federal level, the ABLE plan can now become one of the tools that Elizabeth may need to move forward on seeing her dreams come true.

Much is yet to be learned about ABLE plans and how they will benefit individuals with disabilities. What is true is that navigating systems of support that require means testing can be overwhelming and highly confusing. We hope that this additional statute language will streamline eligibility processes in our state and that no individual will be faced with losing a needed public support while making the decision to create a savings account. ABLE plans are so new in our state, that families and individuals have faced confusion with county eligibility workers. More clarification and training is needed to assist our eligibility staff to understand ABLE plans overall.

Thank you for your time.

Roxane Romanick
Executive Director
Designer Genes of ND, Inc.

Senate Government and Veterans Affairs Committee
Sixty-Fifth Legislative Assembly of North Dakota
Senate Bill No. 2124
January 6, 2017

Good morning, Chairman Poolman and Members of the Senate Government and Veterans Affairs Committee. I am David Boeck, a State employee and Director of Legal Services for the Protection & Advocacy Project. The Protection & Advocacy Project is an independent state agency that acts to protect people with disabilities from abuse, neglect, and exploitation, and advocates for the disability-related rights of people with disabilities.

The ABLE (Achieving a Better Life Experience) program will encourage individuals with disabilities to try to work to earn money and to save their income for disability-related extra expenses. The ABLE program will encourage friends and relatives to make contributions that will be spent on disability-related extra expenses.

There are reasonable limits to the ABLE program that include a maximum on qualifying cumulative annual contributions to an ABLE account, a maximum to the penalty-free balance of an ABLE account, qualifying expenditures from an ABLE account are limited to disability-related expenditures, individuals must have significant disabilities to be the owner of a qualifying ABLE account.

Funds in an ABLE account would be generated in response to the program. Without the ABLE program, the funds likely would not be

contributed, earned, or saved. Without the ABLE program, most individuals with significant disabilities would live impoverished lives without being capable of purchasing anything "extra" to cover disability-related expenses.

North Dakota could improve upon the federal incentives for individuals with disabilities to work and save to meet extra disability-related expenses. It would be significant to an individual with disabilities to have ABLE fund connected income and assets exempt from consideration in determining eligibility for needs-based state and county programs.

Thank you. Please let me know if you have any questions.

SB 2124 –Testimony by Dustin Gawrylow (Lobbyist #215) N.D. Watchdog Network

One small edit to current language: change “may” to “shall” in the underlined portion.

ABLE Account Enhancements

Let disabled individuals have access to big donors like charity endowments

ABLE Accounts Are A good Concept, Let's Make Them Better

- Needs to be an attractive destination for donor dollars.
 - Recommend finding a way to treat ABLE Accounts like Foundation Endowments
 - Replicate 40% endowment tax credit.
 - Bank of North Dakota can play verification/oversight role as administrator.
 - Certified vendors, transactions, etc.

Donors will seek out people will these accounts, rather than requiring active fundraising!

The Endowment Fund Contribution Tax Credit already exists to help organizations drum up contributions from people wealthy enough to take advantage of the program.

Donors get a tax credit applied to tax liability equal to 40% of what they donate.

A simple search will return a list of all the organizations that use this credit.

In addition to making sure these accounts do not count against the account-holders, let's create a tax credit for contributions to ABLE accounts identical to those given to Sanford Health, UND Alumni Foundation, and the Cowboy Hall of Fame.

If all of these organizations are worthy of such a good tax write-off, why not let individuals with real needs benefit as well?

Every dollar run thru these funds is a dollar that the state does not have to spend on special equipment like wheel chairs, vans with lifts, and ramp systems.

It is also money other charities do not have to give up for these same purposes.

FOR BUSINESSES ►

[\(/TAX/USER/BUSINESSES\)](#)

FOR TAX PROFESSIONALS ►

[\(/TAX/USER/TAX-PROFESSIONALS\)](#)

FOR LOCAL GOVERNMENTS ►

[\(/TAX/USER/LOCAL-GOVERNMENT\)](#)

FOR INDIVIDUALS

Endowment Fund Contribution Credit (For Individuals)

An individual is allowed an income tax credit for making a charitable contribution to a qualified endowment fund. The credit is equal to 40 percent of the contribution, up to a maximum credit of \$10,000 (or \$20,000, if married filing a joint return). To qualify, the contribution(s) to a particular endowment fund must total at least \$5,000 for the tax year. An adjustment must be made to increase the individual's North Dakota taxable income by the amount that the contribution reduced the individual's federal taxable income. If the credit exceeds the individual's tax in the tax year in which the contribution is made, the excess credit may be carried over and used on subsequent tax years' returns for up to 3 years.

A qualified endowment fund is a permanent, irrevocable fund that is held by a qualified nonprofit organization (or by a bank or trust company on behalf of the qualified nonprofit organization); is comprised of cash, securities, mutual funds, or other investment assets; is established for a specific religious, educational, or other charitable purpose; and is only allowed to disburse the income from, or the increase in value of, the assets contributed to the fund.

A qualified nonprofit organization is a tax-exempt charitable organization under federal income tax law that meets either of the following sets of criteria:

- It is incorporated or established in North Dakota and maintains a physical location in North Dakota.
- It is incorporated or established in a state bordering North Dakota; maintains a physical location outside North Dakota that is within five miles of a North Dakota city with a population of 5,000 or more that does not have a hospital; and supports or benefits a hospital, nursing home, medical center, or any combination of these.

To claim the credit, complete Schedule ND-1QEC and Schedule ND-1TC and include them with the North Dakota individual income tax return, Form ND-1.

Reference: N.D.C.C. § 57-38-01.21 (<http://www.legis.nd.gov/cencode/t57c38.pdf?20160216085253>)

OFFICE OF STATE TAX COMMISSIONER

600 E. BOULEVARD AVE.

BISMARCK, ND 58505-0599

PHONE DIRECTORY (/TAX/PHONE-DIRECTORY)

TAXINFO@ND.GOV (MAILTO:TAXINFO@ND.GOV)

FOR INDIVIDUALS

Prairie Public Broadcasting

Tax Incentives for North Dakotans

who make contributions to qualified endowment funds of North Dakota nonprofits

Your gift to Prairie Public Broadcasting's qualified endowment fund will keep public media strong for future generations.

Thanks to the North Dakota legislature, **you can make a contribution of \$5,000 and its real cost to you is only \$1,600** (figuring a 40% state tax credit and a 28% federal tax bracket).

For **individuals**, North Dakota law allows a **40% state tax credit** for contributions to qualified endowments of nonprofits. The contribution must be \$5,000 or greater, and the maximum *credit* is \$10,000 per year per taxpayer, or \$20,000 per year per couple filing jointly.

For **businesses**, including financial institutions, it offers a **40% state tax credit** for contributions to the endowments of nonprofits. The maximum *credit* per year is \$10,000.

For your gift of \$25,000 or more to Prairie Public's qualified endowment fund, you may choose to designate the interest from your gift to help sustain a particular area of interest; for example, news and public affairs; arts, culture, music, and drama; science and nature; education and children's programs; outreach and community engagement; facilities and equipment.

Your endowment gift will allow Prairie Public to look to the future with increased confidence as we continue to fulfill our vital mission of providing programs that educate, involve, and inspire.

North Dakota Tax Credit				
Gift Amount	\$5,000 ¹	\$10,000	\$25,000	\$50,000
Federal Tax Savings ²	-\$1,400	-\$2,800	-\$7,000	-\$14,000
ND Tax Credit Amount	-\$2,000	-\$4,000	-\$10,000 ³	-\$20,000 ⁴
Net Cost of Contribution	\$1,600	\$3,200	\$8,000	\$16,000

¹\$5,000 is mini

²Assumes donor is in 28% f

³\$10,000 maximum cre

⁴\$20,000 maximum credit per coupl

For more information or to make a contribution, please contact:

Ann Clark
 Director of Development
 Prairie Public Broadcasting, Inc.
 207 N. 5th Street
 Fargo, ND 58102
 800-359-6900, ext. 510
aclark@prairiepublic.org

This information is not provided as legal or tax advice. Please consult your attorney or financial advisor for advice on your situation.

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Qualified North Dakota Endowments

The state of North Dakota provides tax credits for gifts to qualified endowments (see details at bottom of page). Below is a self-reported list of NDANO members that have a qualified nonprofit. This list is provided for informational purposes only; donors should use due diligence in determining where to allocate their charitable contributions and should consult their attorney, accountant or financial advisor for advice.

- **Bishop Ryan Catholic School Teacher Endowment**
- **Catholic Charities North Dakota**
- **Community Violence Intervention Center Victim Support Endowment**
- **Fargo Public Schools Development Foundation Endowment**
- **Gateway to Science Endowment Fund**
- **Home on the Range Foundation**
- **Lutheran Social Services of North Dakota Qualified Endowment**
- **Make-A-Wish Foundation of North Dakota Tax Credit Endowment Fund**

Membership

[Why Join NDANO?](#)

[Cost-Saving Programs](#)

[Associate Membership](#)

[Endowments](#)

NDANO, working closely with state legislators and nonprofit leaders across the state, successfully led the effort to expand the state tax credit for contributions to endowments during the 2011 legislative session (SB 2160).

Charitable giving by individuals and businesses in North Dakota builds communities and enriches the lives of North Dakotans by supporting the work of the state's nonprofits. And North Dakota endowments are investments in

North Dakota that provide long-term benefits for our state and its citizens.

- **River Keepers Legacy Endowment Fund**
- **Ruth Meiers Hospitality House**
- **Special Olympics North Dakota**
- **North Dakota Community Foundation**

NDCF manages many individual qualified endowment funds, including the ones listed below, along with the Statewide Greatest Needs Endowment Fund.

Local Community Endowment Funds

Adams County Community Foundation
 Anamoose Area Community Foundation
 Ashley Community Endowment Fund
 Bismarck/Mandan Community Foundation
 Bottineau Community Endowment Fund
 Bowman/Slope Community Foundation
 Breckenridge/Wahpeton Community Foundation
 Carrington Community Endowment Fund
 Casselton Community Endowment Fund
 Cavalier Community Foundation
 Clarence Johnson & Eunice Iwen Community Foundation for Arthur, ND
 Cooperstown Community Foundation
 Dickinson Area Community Foundation
 Drayton Area Community Foundation
 Ellendale Area Community Foundation
 Emerado Community Endowment Fund
 Enderlin Area Community Endowment Fund
 Fairmount Community Endowment Fund

Finley Community Endowment Fund
Galesburg Area Foundation
Garrison Area Community Foundation
Glen Ullin Area Community
Foundation
Golden Valley County Community
Foundation
Grafton Community Endowment Fund
Hannaford Area Community
Foundation
Harvey Area Community Foundation
Hebron Community Foundation
Hillsboro Community Foundation
Hope Area Community Foundation
Hurdsfield Community Endowment
Fund
Jamestown Community Foundation
Kenmare Area Community Foundation
Killdeer Area Community Foundation
Kindred Area Community Foundation
Larimore Community Endowment
Fund
Larry J. Wilwant Fund for Pembina, ND
Lisbon Community Endowment Fund
Maddock Community Endowment
Fund
McKenzie County Community
Foundation
Minnewaukan Community Endowment
Fund
Minot Community Endowment Fund
Mohall Area Community Foundation
Mott-Regent Community Foundation
New England Community Foundation
New Rockford Community Foundation
New Salem Area Community
Foundation
Oakes Area Community Foundation
Park River Community Endowment
Fund
Parshall Area Community Foundation
Pierce County Endowment Fund
Richardton Area Community
Foundation

Rolla Community Endowment Fund
Rugby Community Endowment Fund
Sherwood / Antler Community
Foundation
Stanley Area Community Foundation
Strasburg Area Community
Foundation
Tioga Community Foundation
Towner County Community
Foundation
Walhalla Area Community Foundation
Westhope Area Community
Foundation
Williston Area Community Foundation
Wishek Area Community Foundation

Current North Dakota Law*

State Tax Credit for Planned or Deferred Gifts Individuals may receive a state tax credit for a planned gift (e.g., charitable remainder trusts, charitable gift annuities, life insurance policies, etc.) to a qualified N.D. charitable nonprofit or a qualified N.D. endowment. The tax credit is 40% of the charitable deduction allowed by the IRS up to a maximum credit of \$10,000 per year per taxpayer or \$20,000 per year per couple filing jointly. *Effective for taxable years starting in 2007.*

State Tax Credit for Endowment Gifts

Businesses (C corporations, S corporations, estates, limited liability companies, trusts and financial institutions) that pay state income tax may receive a 40% credit up to a maximum credit of \$10,000 for contributions to a qualified N.D. endowment. *Effective for taxable years starting in 2007, except for financial institutions effective in 2011.*

Individuals may receive a state tax credit for a contribution of \$5,000 or more (lump sum or aggregate in one year) to a qualified N.D. endowment. The tax credit is 40% of the charitable deduction allowed by the IRS up to a maximum credit of \$10,000 per year per taxpayer or \$20,000 per year per couple filing jointly. *Effective for taxable years starting in 2011.*

Definitions under State Law

Qualified nonprofit organization – a N.D. incorporated or established 501(c)(3) organization to which contributions qualify for federal charitable income tax deductions with an established business presence or location in North Dakota.

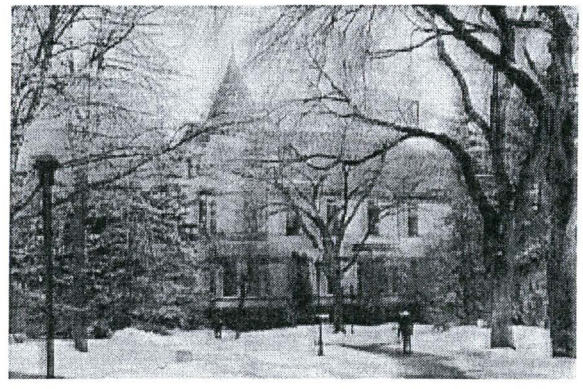
Qualified endowment – a permanent, irrevocable fund (comprising cash, securities, mutual funds or other investment assets established for a specific charitable, religious or educational purpose and invested for the production or growth of income, or both, which may either be added to principal or expended) held by a qualified nonprofit organization, a community foundation or a bank or trust company holding the fund on behalf of a qualified nonprofit organization.

*See ND Century Code 57-38-01.21.



Income Tax Credit

North Dakota taxpayers have a special tax break. Contributions of \$5,000 or more to qualified North Dakota endowment funds are eligible for a 40% tax credit. Your \$5,000 gift could have a net cost of \$1,600.*



The easiest planned gift to make for an impact on the future of NDSU students is an endowment. Endowments are permanent invested funds that provide a stable, ongoing source of money for scholarships, special programs or other campus needs. If you already have an endowment named for yourself or someone special, this is a great time to increase the funds while receiving the credit.

If you do not wish to establish an endowment or make a planned gift at this time, we have other options for you to take advantage of this credit. (i.e. general scholarship and individual college endowments).

The following is an example of what the tax credit would look like based on the 28% tax bracket.

Tax Credit in 28% Tax Bracket			
Gift Amount	\$5,000	\$25,000	\$50,000
Federal Tax Deduction	\$1,400	\$7,000	\$14,000
ND State Income Tax Credit	\$2,000	\$10,000	\$20,000
Net Cost of Gift	\$1,600	\$8,000	\$16,000

We would be happy to talk about some options for you to make the impact that you desire.

As students face increasing educational costs, we need to increase our endowments now more than ever to strengthen educational opportunities to deserving students. NDSU is enthusiastic that this type of credit will increase the scholarships for students far into the future.

Please consider a gift to an endowment to qualify for this tax credit to enhance scholarships for the future.

If you have already given a gift that might qualify, all you need is your receipt with our nonprofit tax number. Talk to your tax preparer about Form ND-1PG for the planned gift tax credit and Form ND-1QEC for the [REDACTED] endowment tax credit.

Please contact us with any further questions or if you would like to make a donation.

Gwen Allred

gwen@ndsualumni.com

701-231-6862

**Individuals may receive a state tax credit for a planned gift (e.g., charitable remainder trusts, charitable gift annuities, life insurance policies, etc.) to a qualified N.D. charitable nonprofit or a qualified N.D. endowment. The tax credit is 40% of the charitable deduction allowed by the IRS up to a maximum credit of \$10,000 per year per taxpayer, or \$20,000 per year per couple filing jointly.*

[REDACTED] SU Foundation and Alumni Association | 1241 North University Drive | PO Box 5144 | Fargo, ND 58102 | 800-279-8971 or 701-231-6800 | Fax: 701-231-6801 | office@ndsualumni.com

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The ND Tax Credit is still here!

North Dakota has established a Tax Credit (ND Century Code 57-38-01.21) that allows individuals, businesses, trusts, and estates to take advantage of a 40% state tax credit for contributions of \$5,000 or more to qualified ND charitable endowment funds. Even better, the unused portion of that state tax credit can be carried forward for three years.

**Your donation to the St. Joseph Endowment Fund
can go farther and cost you less.**

Take a look at the following example:

A North Dakota taxpayer in the 25% tax bracket makes a *donation of \$25,000*.
After taking advantage of an estimated federal tax savings of \$6,250 and
a ND Income tax credit of \$10,000, the cost of that \$25,000 donation is just **\$8,750!**
You have to like those numbers!

General Tax Benefits:

15%
marginal tax rate on
individual return

Gift Amount	\$5,000	\$10,000	\$20,000	\$25,000	\$50,000
Federal Estimated Tax Savings*	(\$750)	(\$1,500)	(\$3,000)	(\$3,750)	(\$7,500)
ND Income Tax Credit**	(\$2,000)	(\$4,000)	(\$8,000)	(\$10,000)	(\$20,000)
Net Cost of Contribution	\$2,250	\$4,500	\$9,000	\$11,250	\$22,500

25%
marginal tax rate on
individual return

Gift Amount	\$5,000	\$10,000	\$20,000	\$25,000	\$50,000
Federal Estimated Tax Savings*	(\$1,250)	(\$2,500)	(\$5,000)	(\$6,250)	(\$12,500)
ND Income Tax Credit**	(\$2,000)	(\$4,000)	(\$8,000)	(\$10,000)	(\$20,000)
Net Cost of Contribution	\$1,750	\$3,500	\$7,000	\$8,750	\$17,500

35%
marginal tax rate on
individual return

Gift Amount	\$5,000	\$10,000	\$20,000	\$25,000	\$50,000
Federal Estimated Tax Savings*	(\$1,750)	(\$3,500)	(\$7,000)	(\$8,750)	(\$17,500)
ND Income Tax Credit**	(\$2,000)	(\$4,000)	(\$8,000)	(\$10,000)	(\$20,000)
Net Cost of Contribution	\$1,250	\$2,500	\$5,000	\$6,250	\$12,500

* Assuming the marginal tax rate on an individual return is as listed and the donor can benefit from itemizing deductions on Federal Schedule A.

** Assuming ND income taxes would be high enough over a four-year period to use up the credit. (Current year, plus three years carry forward.)

North Dakota individual income tax rates are currently in the range of approximately 2% to 4% of federal taxable income.

The general provisions of North Dakota's Tax Credit (ND Century Code 57-38-01.21) are as follows:

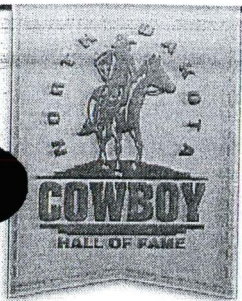
- 1) A 40% state income tax credit can be taken on contributions to qualified North Dakota-based charitable endowment funds.
- 2) Contributions can be made by individuals, businesses, trusts, or estates.
- 3) To qualify, the contribution must be a minimum of \$5,000.
- 4) The maximum North Dakota tax credit is \$10,000 for single tax filers and \$20,000 for those who are married and filing jointly.
The maximum tax credit for a single individual would be \$10,000, equal to 40% of a \$25,000 contribution.
The maximum tax credit for a married couple would be \$20,000, equal to 40% of a \$50,000 contribution.
- 5) The unused portion of the North Dakota state income tax credit can be carried forward for three years.

**Make checks out to the Catholic Foundation
and add St. Joseph Endowment on the memo line.**

Send checks to: Catholic Foundation, PO Box 1137, Bismarck, ND 58502-1137.

For more information, contact Kim Dvorak at 701-204-7206, kdvorak@bismarckdiocese.com

The bottom line: Nothing in this publication is intended to provide legal or tax advice. For the information most pertinent to your situation, please bring this document to your tax preparer and ask how the North Dakota Tax Credit can enrich your contributions.



[\(/index.php\)](#)

ART AND GRACE LINK ENDOWMENT

Your legacy gift will live on... Investing for the Future

Annual membership ([/?id=78](#)) keeps the North Dakota Cowboy Hall of Fame (NDCHF) in the saddle from day to day and year to year. Endowment gifts provide support for the long term, providing the foundation for the NDCHF financial security and ensuring that our stories will be enjoyed by future generations. The NDCHF endowment program was established by former governor and NDCHF inductee, Art Link, and his wife Grace. It is named in their honor.

Revocable endowment gifts effective at death:

- Wills and Living Trusts ([/?id=133](#))
- Retirement Plans and Life Insurance ([/?id=131](#))

Current endowment gifts:

Receive the maximum immediate tax benefits, and enjoy the satisfaction of giving during your lifetime.

- Gifts of cash - charitable tax deduction
- Gifts of stock and mutual funds ([/?id=132](#)) - charitable tax deduction and avoidance of capital gains tax
- Gifts of real estate ([/?id=130](#)) - charitable tax deduction, avoidance of capital gains tax, relief from property tax and property management
- Income for life and tax benefits

State tax credit for endowment gifts

Businesses (C corporations, S corporations, estates, limited liability companies, trusts, and financial institutions) that pay North Dakota income tax may take a 40 percent credit up to a total of \$10,000 for gifts to the qualified endowment fund of a qualified North Dakota charity. The Art and Grace Link Endowment fund is qualified under this law.

Individuals may receive a state tax credit for a contribution for \$5,000 or more (lump sum or aggregate in one year) to a qualified North Dakota endowment. The tax credit is 40 percent of the charitable deduction allowed by the IRS up to a maximum credit of \$10,000 per year per taxpayer or \$20,000 per year per couple filing jointly. Effective for taxable years starting in 2011.

In all of the above, the credit may be carried forward for three additional tax years if it cannot all be used in one year.

State tax credit for planned or deferred gifts

Individuals may make a qualified deferred gift to a qualified North Dakota nonprofit organization. The NDCHF is a qualified charity. The tax credit is 40 percent of the charitable deduction allowed by the IRS up to a maximum of \$10,000 per year per taxpayer or \$20,000 per year per couple filing jointly. Effective for taxable years starting in 2007.

For example, a couple enters into a \$200,000 charitable gift annuity agreement with the NDCHF. The IRS allows them to deduct \$100,000 from their federal taxable income as a charitable gift. The couple would qualify for a \$20,000 North Dakota income tax credit.

They could take up to four years to take the credit against their North Dakota income tax liability. The credit is limited to the amount of their income tax liability.

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How the Art and Grace Link Endowment works

The Art and Grace Link Endowment is strategically invested to preserve its principal value. Payout from the Art and Grace Link Endowment supports the programs and operations of the NDCHF. As our endowment grows, it provides an expanding source of stable funding to help us weather the ups and downs of the economy and keep the NDCHF strong.

To learn more about the Art and Grace Link Endowment gifting to the NDCHF, contact us ([/?id=12&page=Contact+Us](#)).

Introduced by

Government and Veterans Affairs Committee

(At the request of the Bank of North Dakota)

1 A BILL for an Act to amend and reenact section 6-09-38.1 of the North Dakota Century Code,
2 relating to the achieving a better life experience plan.

3 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

4 **SECTION 1. AMENDMENT.** Section 6-09-38.1 of the North Dakota Century Code is
5 amended and reenacted as follows:

6 **6-09-38.1. North Dakota achieving a better life experience plan - Administration -**
7 **Rules - Continuing appropriation.**

8 The Bank of North Dakota shall adopt rules to administer, manage, promote, and market
9 the North Dakota achieving a better life experience plan. The Bank shall ensure that the North
10 Dakota achieving a better life experience plan is maintained in compliance with internal revenue
11 service standards for qualified state disability expense programs. The Bank, as trustee of the
12 North Dakota achieving a better life experience plan, may impose an annual administrative fee
13 to recover expenses incurred in connection with operation of the plan. Administrative fees
14 received by the Bank are appropriated to the Bank on a continuing basis to be used as provided
15 under this section. Money and assets in North Dakota achieving a better life experience plan
16 accounts or in qualified achieving a better life experience plan accounts in any state may not be
17 considered for the purpose of determining eligibility to receive, or the amount of, any assistance
18 or benefits from local or state means-tested programs.

TESTIMONY TO THE
GOVERNMENT AND VETERANS AFFAIRS COMMITTEE

March 3, 2017

JAMES BARNHARDT – DIRECTOR, COLLEGE SAVE & ABLE PLANS

BANK OF NORTH DAKOTA

Chairman Kasper and House Government and Veterans Affairs Committee members my name is James Barnhardt, College SAVE and ABLE Plan Director at Bank North Dakota. I am here today to support passage of Senate Bill 2124, and to ask for your support of the Bill to amend section 6-09-38.1 of North Dakota Century Code as it pertains to the North Dakota Achieving a Better Life Experience Plan.

The original Bill, passed during the 2015 session, allows people to save for disability-related expenses in a federal tax-advantaged account without having federally means-tested aid impacted in any manner. Since passage of the bill a gap was identified. There are state means-tested aid programs which provide services and funding that without this amendment could negatively impact aid being received by those saving through the new ABLE Plan accounts.

North Dakota residents using the following programs could unintentionally have their aid suspended, reduced or stopped altogether without passage of this amendment thereby creating unnecessary hardships for people with disabilities:

- Service Payment to Elderly and Disabled (SPED) and Expanded SPED
- Aid to the Blind Remedial Care
- Autism Voucher
- Substance Use Disorder Voucher
- Personal Needs Allowance for Individuals receiving SSI and services in a long-term care setting
- Children's Special Health Services
- Reduced Price School Breakfast

We worked with organizations like Designer Genes, North Dakota Protection and Advocacy and the Department of Human Services to identify these means-tested programs and have worked to notify DHS staff and managers that the suspension of any aid for people with disabilities using ABLE Plan accounts was not the intended purpose of the federal or state legislation. The Department of Human Services agrees that this gap should be closed and we both agree that the best means to do so would be through the proposed amendment reading: *Money and assets in North Dakota achieving a better life experience plan accounts or in qualified achieving a better life experience plan accounts in any state may not be considered for the purpose of determining eligibility to receive, or the amount of, any assistance or benefits from local or state means-tested programs.*

I would like to take a moment to update you on significant changes to ABLE legislation at the federal level and how it impacted ABLE plans across the United States. After passage of our Bill, Congress removed a major hurdle to ABLE account ownership by eliminating the "home-state" rule, a rule that mandated residents of a state use only their resident state's ABLE program. The elimination of the "home-state" rule by Congress stalled other state legislation and in some cases caused legislation to be repealed. This also changed the course of ours and other states implementation plans.

Through professional consultation we determined that offering a North Dakota ABLE Plan in this new environment would not benefit state residents. Creating a plan in a less populated state like North Dakota would create higher long-term administrative costs and investment fees for residents and we would be in competition for accounts from other state and national plans that have more flexibility and much lower start-up costs. This would not be prudent or in the best interest of residents of North Dakota. But be assured that North Dakota residents have access to as many as eight programs that have launched nationwide with more coming on line.

By working through the administrative rules process, and with assistance from the Attorney General's office, we created a plan that educates North Dakota residents about their account options, provides for easily accessible online resources with immediate access to all currently available plans, and allows for communication with stakeholders across the state while monitoring the national ABLE landscape.

This roadmap is what led us here today. We are as committed as ever to removing obstacles that stand in the way of people participating in the low cost plan of their choice without undue or unforeseen burdens.

Thank you for your consideration and I am available for questions.

SB 2124

**North Dakota Achieving a Better Life Experience (ABLE) Plan
House Government and Veteran's Affairs
Friday, March 3, 2017**

Chairman Kasper and Members of the House Government and Veterans Affairs Committee:

My name is Roxane Romanick and I'm representing Designer Genes of ND, Inc., as their Executive Director. Designer Genes represents 140 individuals with Down syndrome and their families across the state of North Dakota. Designer Genes' mission is to strengthen opportunities for individuals with Down syndrome and those who support them to earn, learn, and belong.

I'm here to ask your support for SB 2124. Designer Genes is in support of assuring that North Dakota is increasing the opportunity for individuals with disabilities to take advantage of the Achieving a Better Life Experience Program by also including exemption for local and state means tested programs as well as federal programs

While I speak to you today as the director of Designer Genes, I also speak to you as a mom of a 17 year-old daughter, who has more hopes and dreams than you can imagine. Elizabeth is a ^{junior} freshman at Century High School and happens to have Down syndrome. Yesterday, she was looking at recording equipment to launch her career as a music producer and the day before she was browsing through college brochures. We have raised her to believe that you shouldn't limit your dreams, because it's those dreams that get us to the realities that can make our lives full and happy. Because of the advocacy at the federal level, the ABLE plan can now become one of the tools that Elizabeth may need to move forward on seeing her dreams come true.

Much is yet to be learned about ABLE plans and how they will benefit individuals with disabilities. What is true is that navigating systems of support that require means testing can be overwhelming and highly confusing. We hope that this additional statute language will streamline eligibility processes in our state and that no individual will be faced with losing a needed public support while making the decision to create a savings account. ABLE plans are so new in our state, that families and individuals have faced confusion with county eligibility workers. More clarification and training is needed to assist our eligibility staff to understand ABLE plans overall.

Thank you for your time.

Roxane Romanick
Executive Director
Designer Genes of ND, Inc.

House Government and Veterans Affairs Committee
Sixty-Fifth Legislative Assembly of North Dakota
Senate Bill No. 2124
March 3, 2017

Good morning, Chairman Kasper and Members of the House Government & Veterans Affairs Committee. I am David Boeck, a State employee and Director of Legal Services for the Protection & Advocacy Project. The Protection & Advocacy Project is an independent state agency that acts to protect people with disabilities from abuse, neglect, and exploitation, and advocates for the disability-related rights of people with disabilities.

The ABLE (Achieving a Better Life Experience) program will encourage individuals with disabilities to try to work to earn money and to save their income for disability-related extra expenses. The ABLE program will encourage friends and relatives to make contributions that will be spent exclusively on disability-related extra expenses.

There are reasonable limits to the ABLE program that include a maximum on qualifying cumulative annual contributions to an ABLE account, a maximum to the penalty-free balance of an ABLE account, qualifying expenditures from an ABLE account are limited to disability-related expenditures, individuals must have significant disabilities to be the owner of a qualifying ABLE account.

Funds in an ABLE account would be generated in response to the program. Without the ABLE program, the funds likely would not be contributed, earned, or saved. Without the ABLE program, most individuals with significant disabilities would live impoverished lives without being capable of purchasing anything "extra" to cover disability-related expenses.

Last Friday, the Department of Human Services issued provisions for its policy manuals about ABLE accounts, IM 5294. According to these provisions, an ABLE account would be counted against eligibility for eight state means tested programs:

- ✗ Service Payments to the Elderly and Disabled (SPED)
- ✗ Expanded SPED
- ✗ Aid to the Blind Remedial Care
- ✗ Autism Voucher
- ✗ Substance Use Disorder Voucher
- ✗ State SSI Long Term Care Subsidy Program
- ✗ Children's Special Health Services
- ✗ Basic Care Assistance Program (BCAP)

North Dakota could improve upon the federal incentives for individuals with disabilities to work and save to meet extra disability-related expenses. It would be significant to an individual with

disabilities to have ABLE fund connected income and assets exempt from consideration in determining eligibility for needs-based state and county programs.

Thank you. Please let me know if you have any questions.