

SENATE, No. 4100

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED NOVEMBER 12, 2021

Sponsored by:

Senator ANTHONY M. BUCCO

District 25 (Morris and Somerset)

Senator STEPHEN M. SWEENEY

District 3 (Cumberland, Gloucester and Salem)

SYNOPSIS

“New Jersey Disability Savings Act.”

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning tax deductions for certain disability expenses
2 and supplementing Title 52 and Title 54A of the New Jersey
3 Statutes.

4
5 BE IT ENACTED by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. This act shall be known and may be cited as the “New Jersey
9 Disability Savings Act.”

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11 2. As used in this act:

12 “Department” means the Department of Human Services.

13 “New Jersey ABLE account” means an account established
14 pursuant to P.L.2015, c.185 (C.52:18A-250 et al.).

15 “Qualifying state ABLE account” means an account established
16 pursuant to any qualified state ABLE program, pursuant to section
17 529A of the federal Internal Revenue Code of 1986, 26 U.S.C.
18 s.529A.

19
20 3. a. Subject to the availability of State appropriations, a New
21 Jersey ABLE account or a qualifying state ABLE account, when
22 initially opened by a taxpayer with a gross income of \$200,000 or
23 less, shall be eligible for a one-time grant of up to \$1,000 in a
24 dollar-for-dollar match of the initial deposit to the account.

25 b. A taxpayer who owns a New Jersey ABLE account or a
26 qualifying state ABLE account shall be eligible for a one-time
27 grant, in the amount of \$500, subject to the availability of State
28 appropriations, for every \$25,000 in incremental savings accrued in
29 the taxpayer’s account. For the purposes of this section, the
30 department shall develop a methodology by which the department
31 shall ensure that duplicate grants are not issued to a taxpayer for the
32 same pool of savings in a New Jersey ABLE account or a qualifying
33 state ABLE account.

34 c. If the annual State Appropriations Act does not include
35 sufficient funding for the department to issue the grants in the
36 amounts specified under this section, the department shall
37 determine the methodology for allocating the available funding,
38 which may include, but shall not be limited to, reducing the amount
39 of the grant award for individual taxpayers.

40 d. Notwithstanding the provisions of the “Administrative
41 Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.) to the
42 contrary, the department may adopt, immediately upon filing with
43 the Office of Administrative Law, rules that the authority deems
44 necessary for the appropriate administration and implementation of
45 the provisions of this section, including a minimum length of time
46 for participation in the New Jersey ABLE program or other
47 qualifying state ABLE program for the credits established pursuant
48 to this section, which rules shall be effective for a period not to

1 exceed 365 days from the date of filing. The department shall
2 thereafter amend, adopt, or readopt the rules in accordance with the
3 requirements of P.L.1968, c.410 (C.52:14B-1 et seq.).

4
5 4. A taxpayer shall be allowed a deduction from the taxpayer's
6 gross income for the taxable year in the amount of the taxpayer's
7 contribution for the taxable year to a New Jersey ABLE account or
8 qualifying state ABLE account.

9
10 5. This act shall take effect immediately.

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13 STATEMENT

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15 This bill expands the "New Jersey Achieving a Better Life
16 Experience (ABLE) Program," P.L.2015, c.185 (C.52:18A-250 et
17 al.) to incentivize qualified individuals with disabilities and their
18 families to save for disability-related expenses in tax-advantaged
19 savings accounts, known as ABLE accounts. Pursuant to current
20 federal statute, qualified individuals who have significant
21 disabilities with onset prior to age 26 years, and who receive
22 Supplemental Security Income or Social Security Disability
23 Insurance benefits, may contribute as much as the federal gift tax
24 limit, or \$15,000 in 2020, to a qualifying ABLE account.
25 Individuals with disabilities, or their parent or guardian, may open
26 an ABLE account in the individual's state of residence, or in
27 another state. As of January 2021, over 44 ABLE plans operated
28 nationwide.

29 Funds deposited into an ABLE account may only be used for
30 qualifying disability-related expenses such as transportation,
31 housing, education, assistive technology, legal fees, and personal
32 support services. Distributions from a New Jersey ABLE account
33 are not subject to federal tax, provided the distributions do not
34 exceed the individual's disability-related expenses for the year.

35 New Jersey statute currently limits total lifetime contributions to
36 an ABLE account to \$305,000. Once the value of an ABLE account
37 exceeds \$100,000, SSI cash benefits for the ABLE account owner
38 are suspended until the account's value falls below this threshold.
39 However, a qualifying individual will not lose Medicaid benefits,
40 no matter the balance in an ABLE account.

41 Pursuant to the bill, all contributions to a qualifying New Jersey
42 ABLE account are fully-deductible on a New Jersey State tax
43 return, similar to qualifying contributions to the State's Section 529
44 educational savings program, known as the NJBEST. The bill
45 additionally incentivizes taxpayer savings in New Jersey ABLE
46 accounts by providing up to \$1,000 in dollar-for-dollar matching
47 funds for taxpayers whose gross annual income equals \$200,000 or
48 less, and who deposit funds into a newly opened ABLE account.

1 Under the bill, moreover, for every \$25,000 an individual saves in
2 an ABLE account, the State will provide a \$500 contribution to the
3 account. It is important to note, however, that the savings
4 incentives instituted under this bill are subject to the annual
5 appropriations process. Therefore, the bill authorizes the
6 Department of Human Services to select a methodology for
7 allocating these incentive funds in years in which State
8 appropriations for these incentive payments are insufficient to
9 fulfill the provisions of the bill.

10 It is the intent of the bill's sponsor to make the New Jersey
11 ABLE program as advantageous a savings vehicle for qualifying
12 New Jersey taxpayers, as is the NJBEST 529 College Savings Plan.