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MEMORANDUM

To: Senate Committee on Financial Institutions and Insurance

From: Office of Revisor of Statutes

Date: Wednesday, March 2, 2022

Subject: **HB 2490**; Authorizing the state treasurer to determine account owners and designated beneficiaries for an ABLE savings account, adding who may open such an account and requiring compliance with the federal internal revenue code.

HB 2490 is the House version of our SB 329. HB 2490 was passed by the House Committee of the Whole on February 9, 2022 and referred to this committee on February 10, 2022.

HB 2490 proposes modifications to the ABLE savings program in order to capture replicate changes that were made on the federal level. The program is administered by the State Treasurer's office and generally, the program allows individuals with disabilities to establish savings accounts to support each individual's needs and take advantage of certain state and federal tax benefits.

Section 1 amends K.S.A. 75-651, and amendments thereto, which is the purpose statement of the act. The statute has been amended to add that one of the intents of the savings program is to gain the federal and state income tax benefits that are allowed by federal or state law.

Section 2 amends K.S.A. 75-652, and amendments thereto. In this section, the definition of an "account owner" has been amended from being only a "conservator or guardian who may be appointed as an account owner who is a minor or lacks capacity to enter into an agreement," to "a conservator, guardian, or person authorized by the treasurer through procedures established by the treasurer" to act on behalf of a designated beneficiary. The definition of "designated beneficiary" has been amended to include "a person authorized by the treasurer pursuant to K.S.A. 75-653, and amendments thereto" which allows the treasurer to authorize residents of other states to participate in the program. The definition of "eligible individual" has been amended to strictly adopt the definition of an "eligible individual" from the federal internal revenue code.

Section 3 amends K.S.A. 75-653, and amendments thereto. Here, the bill adds "state" to the description of tax benefits received by the participants.

Section 4 amends K.S.A. 75-655 pertaining to the current requirements for establishing an account. The bill changes references to definitions in accordance with the new definitions proposed in section 2. The section also includes references to the federal internal revenue code and procedures established by the treasurer's office for program compliance. These sections would be in effect upon publication in the statute book.