



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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Bill Number: H. 3768 As amended by House Ways and Means Subcommittee on April 16, 2015  
 Author: G.M. Smith  
 Requestor: House Ways and Means  
 Date: April 22, 2015  
 Subject: SC ABLE Savings Program  
 RFA Analyst(s): Shuford, Fulmer, Gardner, and Stein

**Estimate of Fiscal Impact**

	<b>FY 2015-16</b>	<b>FY 2016-17</b>
<b>State Expenditure</b>		
General Fund	\$1,139,537	\$599,537
Other and Federal	\$0	N/A
Full-Time Equivalent Position(s)	2.00	0.00
<b>State Revenue</b>		
General Fund	N/A	(\$231,100)
Other and Federal	N/A	N/A
<b>Local Expenditure</b>	N/A	N/A
<b>Local Revenue</b>	N/A	N/A

**Fiscal Impact Summary**

This bill would have a recurring and non-recurring expenditure impact on the General Fund of \$1,139,537 in FY 2015-16. Recurring expenditures of \$599,537 are anticipated in FY 2016-17 and each year thereafter. Federal Funds and Other Funds will not be affected.

This bill would reduce General Fund individual income tax revenue by \$231,100 beginning in FY 2016-17.

**Explanation of Fiscal Impact**

**State Expenditure**

This bill establishes the South Carolina ABLE Savings Program and authorizes the establishment of savings accounts for individuals with disabilities, which can be used to provide for disability-related expenses that supplement any private insurance, Medicaid assistance, Supplemental Security Income Program under the Social Security Act, and other income sources. The State Treasurer shall implement and administer the program. All expenses incurred by the State Treasurer must be payable from the South Carolina ABLE Savings Expense Fund. The State Treasurer, the Department of Social Services, the Department of Health and Human Services, and the Department of Disability and Special Needs are authorized to exchange data regarding eligible individuals to carry out the purposes of this bill.

**Office of State Treasurer.** The Treasurer's Office indicates that first year expenses for developing and administering the ABLE Program will exceed any revenue available in the South Carolina ABLE Savings Expense Fund. This fund receives revenue from the program manager, public and private grants, and General Fund appropriations. The Treasurer's Office estimates General Fund recurring expenditures of \$599,537 for salaries and fringe benefits for two new FTEs, a Program Manager at \$67,108 and a Program Coordinator at \$45,326. Other anticipated expenditures include office space, computers and equipment, printing costs, marketing costs, investment consultant expenses, and website maintenance costs. Additionally, the Treasurer's office estimates non-recurring expenditures of \$540,000 for legal analysis, contract negotiations, creation of marketing materials and disclosure documents, and creation of a website. The expenditure impact will total \$1,139,537 in FY 2015-16. Federal Funds and Other Funds will not be affected.

**Department of Social Services.** The department indicates that this bill would have no impact on General Fund, Other Fund, or Federal Fund expenditures.

**Department of Health and Human Services.** The department indicates that this bill would have no impact on General Fund, Other Fund, or Federal Fund expenditures.

**Department of Disabilities and Special Needs.** The department indicates this bill would have no expenditure impact on the General Fund, Federal Funds, or Other Funds.

#### **State Revenue**

This bill mandates that interest earnings and qualified distributions from the South Carolina ABLE Savings Program are not subject to South Carolina income tax. Unlike the South Carolina Future Scholar Program, contributions to the ABLE Program are not deductible from South Carolina income tax. Maximum contributions by federal law are limited to \$14,000 for 2015 and are adjusted annually for inflation.

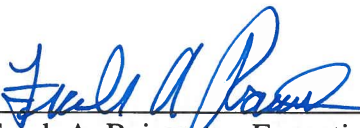
Based on U.S. Joint Committee on Taxation revenue estimates for the Tax Increase Prevention Act of 2014 adjusted for South Carolina taxpayers only, we expect that the exclusion of interest earnings and qualified distributions from South Carolina taxable income will decrease General Fund individual income tax revenue by \$231,100 in FY 2016-17.

#### **Local Expenditure**

N/A

#### **Local Revenue**

N/A

  
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Frank A. Rainwater, Executive Director