

Department of Planning and Budget

2016 Fiscal Impact Statement

1. Bill Number: HB1035

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Rasoul

3. Committee: Finance

4. Title: Elderly care savings trust accounts established; administered by the Virginia College Savings Plan.

5. Summary: Establishes elderly care savings trust accounts to be administered by the Virginia College Savings Plan to facilitate the saving of private funds to defray the medical and health-related expenses of the elderly. Elderly care savings trust accounts may be opened on behalf of qualified beneficiaries who are at least 45 years old. Contributions to an elderly care savings trust account and any earnings on the account may be used to pay or reimburse the medical and health-related expenses and costs of beneficiaries who are at least 60 years old. The account may be used solely for medical and health-related expenses and costs that are not otherwise paid or reimbursed or claimed as a federal or Virginia income tax deduction, subtraction, or credit. Contributions must be in cash. The qualified is the owner of the account and is limited to owning one account.

6. Budget Amendment Necessary: Undetermined.

7. Fiscal Impact Estimates: Preliminary. See Item 8 below.

8. Fiscal Implications: The fiscal impact due to this bill is unknown at this time. According to the Virginia College Savings Plan (Virginia529), the bill would have a fiscal impact on Virginia529 due to establishing a new program and requiring significant enhancement related to information technology, marketing and communications, and customer service to support and implement the new program. It would also require the requisite accounting and financial apparatus be established to record and report everything from account opening, receipt for contributions, account maintenance, investment, and disbursement. Further, the bill expands Virginia529's Board from eleven to thirteen members to add experience on the Board with elderly care issues. This larger Board will incur additional costs associated with meetings.

The bill also extends tax benefits associated with the elderly care savings accounts. The fiscal impact of the tax benefits is indeterminate as the number of elderly care saving accounts or amounts being saved have not yet been projected. Virginia529 indicates that the accounting and reporting for those benefits will also require infrastructure and increases in operational costs.

9. Specific Agency or Political Subdivisions Affected: Virginia College Savings Plan

10. Technical Amendment Necessary: No.

11. Other Comments: None.

January 27, 2016
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