

Assembly Bill No. 563—Committee on Government Affairs

CHAPTER.....

AN ACT relating to public employees; authorizing an additional deferred compensation plan for state employees and employees of political subdivisions; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 287.270 is hereby amended to read as follows:

287.270 “Deferred compensation” means income which a state employee or employee of the University and Community College System of Nevada may legally set aside under *the program, which may consist of one or more plans authorized by* 26 U.S.C. § *401(a)*, 401(k), 403(b) or 457 and which ~~H~~ *income*, while invested under the program, is exempt from federal income taxes on the employee’s contributions and interest, dividends and capital gains.

Sec. 2. NRS 287.320 is hereby amended to read as follows:

287.320 1. The state may agree with any of its employees, and the board of regents of the University of Nevada may agree with any of its employees, to defer the compensation due to them in accordance with a program approved by the committee ~~and as~~ *which may consist of one or more plans* authorized by 26 U.S.C. § *401(a)*, 401(k), 403(b) or 457. The board of regents may agree with any of its employees to defer the compensation due to them as authorized by 26 U.S.C. § 403(b) without submitting the program to the committee for its approval. *An employee may defer compensation under one or more plans in the program.*

2. The employer shall withhold the amount of compensation which an employee has, by such an agreement, directed the employer to defer.

3. The employer may invest the withheld money in any investment approved by the committee or, in the case of deferred compensation under 26 U.S.C. § 403(b) for employees of the University and Community College System of Nevada , by the board of regents of the University of Nevada.

4. The investments must be underwritten and offered in compliance with all applicable federal and state laws and regulations, and may be offered only by persons who are authorized and licensed under all applicable state and federal regulations.

5. All amounts of compensation deferred pursuant to the program, all property and all rights purchased with those amounts and all income attributable to those amounts, property or rights must, in accordance with 26 U.S.C. § *401(a)* or 457(g), *as applicable*, be held in trust for the exclusive benefit of the participants in the program and their beneficiaries.

Sec. 3. NRS 287.340 is hereby amended to read as follows:

287.340 1. Deferrals of compensation may be withheld as deductions from the payroll in accordance with the agreement between the employer and a participating employee.

2. The amount of deferred compensation set aside by the employer *to a plan* under the program during any calendar year may not exceed the amount authorized by 26 U.S.C. § *401(a)*, 401(k), 403(b) or 457 ~~H~~ *, as applicable.*

Sec. 4. NRS 287.350 is hereby amended to read as follows:

287.350 1. No *plan in the* program becomes effective and no deferral may be made until the ~~the program~~ *plan* meets the requirements of 26 U.S.C. § *401(a)*, 401(k), 403(b) or 457, *as applicable*, for eligibility.

2. Income deferred during a period in which no income tax is imposed by the state or a political subdivision may not be taxed when paid to the employee.

Sec. 5. NRS 287.401 is hereby amended to read as follows:

287.401 "Deferred compensation" means income which an employee of a political subdivision may legally set aside under *the program, which may consist of one or more plans authorized by* 26 U.S.C. § *401(a)*, 401(k) or 457 and which ~~the~~ *income*, while invested under the program, is exempt from federal income taxes on the employee's contributions and interest, dividends and capital gains.

Sec. 6. NRS 287.420 is hereby amended to read as follows:

287.420 1. A political subdivision may agree with any of its employees to defer the compensation due to them in accordance with a program approved by the committee ~~and as~~ *which may consist of one or more plans* authorized by 26 U.S.C. § *401(a)* or 457. *An employee may defer compensation under one or more plans in the program.*

2. The political subdivision shall withhold the amount of compensation which an employee has, by such an agreement, directed the political subdivision to defer.

3. The political subdivision may invest the withheld money in any investment permitted by law and approved by the committee.

4. The investments must be underwritten and offered in compliance with all applicable federal and state laws and regulations, and may be offered only by persons who are authorized and licensed under all applicable state and federal regulations.

Sec. 7. NRS 287.430 is hereby amended to read as follows:

287.430 1. The governing body of a political subdivision may create an appropriate fund for administration of money and other assets resulting from compensation deferred under the program.

2. All amounts of compensation deferred pursuant to the program, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights must, in accordance with 26 U.S.C. § *401(a)* or 457(g), *as applicable*, be held in trust for the exclusive benefit of the participants in the program and their beneficiaries.

Sec. 8. NRS 287.450 is hereby amended to read as follows:

287.450 1. Deferrals of compensation may be withheld as payroll deductions in accordance with the agreement between the political subdivision and a participating employee.

2. The amount of deferred compensation set aside by the political subdivision *to a plan* under the program during any calendar year may not exceed the amount authorized by 26 U.S.C. § *401(a)* or 457 ~~the~~ *, as applicable.*

Sec. 9. NRS 287.460 is hereby amended to read as follows:

287.460 1. No *plan in the* program becomes effective and no deferral may be made until the ~~the program~~ *plan* meets the requirements of 26 U.S.C. § *401(a)* or 457, *as applicable*, for eligibility.

2. Income deferred during a period in which no income tax is imposed by the state or a political subdivision may not be taxed when paid to the employee.

Sec. 10. This act becomes effective upon passage and approval.