

ASSEMBLY BILL NO. 387—ASSEMBLYMEN HETTRICK, PARNELL, ANGLE, CARPENTER, CHRISTENSEN, CONKLIN, DENIS, GANSERT, GERHARDT, GOICOECHEA, GRADY, HOLCOMB, MABEY, MORTENSON, PARKS, PERKINS, SEALE, SHERER, SMITH AND WEBER

MARCH 24, 2005

Referred to Committee on Commerce and Labor

SUMMARY—Provides for reduction, under certain circumstances, of certain excise taxes imposed on employers. (BDR 32-198)

FISCAL NOTE: Effect on Local Government: May have Fiscal Impact.
Effect on the State: Yes.

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EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to taxation; providing for the reduction of certain excise taxes payable by employers who contribute to health savings accounts for their employees; altering certain statutory references to medical savings accounts to instead refer to health savings accounts; 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. Chapter 363A of NRS is hereby amended by adding thereto a new section to read as follows:

1. An employer that contributes to the health savings accounts of its employees may apply to the Department for a partial abatement of the tax imposed pursuant to NRS 363A.130.

2. The Department shall approve an application for a partial abatement pursuant to subsection 1 if it determines that:

(a) The employer contributes an equal amount to the health savings account of each eligible and participating employee, regardless of the level of wages paid to the employee; and



1 (b) The employer does not contribute to health savings
2 accounts on behalf of those of its employees, if any:

3 (1) Who are eligible for Medicaid or Medicare; or

4 (2) For whom medical benefits are paid pursuant to the
5 terms of a collective bargaining agreement.

6 3. Except as otherwise provided in subsection 4, the amount
7 of the abatement provided pursuant to this section must be equal
8 to the amount contributed by the employer to the health savings
9 accounts of its employees during each calendar quarter for
10 which the employer is required to remit any tax due pursuant to
11 NRS 363A.130.

12 4. In no case may the amount of the abatement provided
13 pursuant to this section exceed:

14 (a) In the fiscal year ending on June 30, 2006, 10 percent;

15 (b) In the fiscal year ending on June 30, 2007, 20 percent;

16 (c) In the fiscal year ending on June 30, 2008, 30 percent;

17 (d) In the fiscal year ending on June 30, 2009, 40 percent; and

18 (e) In the fiscal year ending on June 30, 2010, and in any
19 subsequent fiscal year, 50 percent,

20 ↪ of the taxes otherwise payable by the employer pursuant to
21 NRS 363A.130.

22 5. If an employer whose partial abatement has been approved
23 pursuant to this section and is in effect ceases to meet the
24 requirements set forth in subsection 2, the employer shall repay to
25 the Department the amount of the exemption that was allowed
26 pursuant to this section before the failure of the employer to
27 comply unless the Nevada Tax Commission determines that the
28 employer has substantially complied with the requirements of this
29 section.

30 6. The abatement provided pursuant to this section is in
31 addition to any other deduction or abatement otherwise provided
32 for by law with respect to the tax imposed pursuant to
33 NRS 363A.130.

34 7. As used in this section, "health savings account" means a
35 savings or other account that meets the requirements of 26 U.S.C.
36 § 223.

37 **Sec. 2.** Chapter 363B of NRS is hereby amended by adding
38 thereto a new section to read as follows:

39 1. An employer that contributes to the health savings
40 accounts of its employees may apply to the Department for a
41 partial abatement of the tax imposed pursuant to NRS 363B.110.

42 2. The Department shall approve an application for a partial
43 abatement pursuant to subsection 1 if it determines that:



1 (a) The employer contributes an equal amount to the health
2 savings account of each eligible and participating employee,
3 regardless of the level of wages paid to the employee; and

4 (b) The employer does not contribute to health savings
5 accounts on behalf of those of its employees, if any:

6 (1) Who are eligible for Medicaid or Medicare; or

7 (2) For whom medical benefits are paid pursuant to the
8 terms of a collective bargaining agreement.

9 3. Except as otherwise provided in subsection 4, the amount
10 of the abatement provided pursuant to this section must be equal
11 to the amount contributed by the employer to the health savings
12 accounts of its employees during each calendar quarter for which
13 the employer is required to remit any tax due pursuant to
14 NRS 363B.110.

15 4. In no case may the amount of the abatement provided
16 pursuant to this section exceed:

17 (a) In the fiscal year ending on June 30, 2006, 10 percent;

18 (b) In the fiscal year ending on June 30, 2007, 20 percent;

19 (c) In the fiscal year ending on June 30, 2008, 30 percent;

20 (d) In the fiscal year ending on June 30, 2009, 40 percent; and

21 (e) In the fiscal year ending on June 30, 2010, and in any
22 subsequent fiscal year, 50 percent,

23 ➤ of the taxes otherwise payable by the employer pursuant to
24 NRS 363B.110.

25 5. If an employer whose partial abatement has been approved
26 pursuant to this section and is in effect ceases to meet the
27 requirements set forth in subsection 2, the employer shall repay to
28 the Department the amount of the exemption that was allowed
29 pursuant to this section before the failure of the employer to
30 comply unless the Nevada Tax Commission determines that the
31 employer has substantially complied with the requirements of this
32 section.

33 6. The abatement provided pursuant to this section is in
34 addition to any other deduction or abatement otherwise provided
35 for by law with respect to the tax imposed pursuant to
36 NRS 363B.110.

37 7. As used in this section, "health savings account" means a
38 savings or other account that meets the requirements of 26 U.S.C.
39 § 223.

40 **Sec. 3.** NRS 689A.735 is hereby amended to read as follows:

41 689A.735 On or before July 1 of each year, a trustee of a
42 ~~medical~~ health savings account established and maintained in
43 accordance with 26 U.S.C. § ~~220~~ 223 shall report to the
44 Commissioner the number of ~~medical~~ health savings accounts
45 administered by the trustee during the previous calendar year.



- 1 **Sec. 4.** NRS 695C.325 is hereby amended to read as follows:
2 695C.325 A health maintenance organization may offer to a
3 small employer who has not less than 2 and not more than 50
4 employees, a health care plan that has a high deductible and that is
5 in compliance with 26 U.S.C. § ~~f220f~~ **223** for the purposes of
6 establishing ~~{medical}~~ **health** savings accounts for any person
7 insured by the health care plan.
8 **Sec. 5.** This act becomes effective on July 1, 2005.

