

SENATE BILL NO. 262—SENATORS BEERS, WASHINGTON, HECK,
TOWNSEND, CEGAVSKE, AMODEI, HARDY, LEE,
MCGINNESS, NOLAN AND RHOADS

MARCH 12, 2007

JOINT SPONSORS: ASSEMBLYMEN HARDY, GANSERT, BEERS,
GRADY, MARVEL, SETTELMAYER, STEWART AND WEBER

Referred to Committee on Taxation

SUMMARY—Provides for reduction of certain excise taxes payable by employers that contribute to health savings accounts for their employees. (BDR 32-88)

FISCAL NOTE: Effect on Local Government: No.
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 that contribute to health savings accounts for their employees; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Section 1 of this bill provides for a partial abatement from the payroll tax of 2 percent that is imposed on financial institutions by NRS 363A.130. A financial institution that contributes to the health savings accounts of its employees may apply to the Department of Taxation for approval of a partial abatement that is equal to the amount contributed by the financial institution to those accounts, except that the partial abatement may not exceed 50 percent of the payroll tax that the financial institution would otherwise pay. A financial institution that fails to comply with certain requirements of **section 1** may be required to repay the amount of the abatement to the Department.

Section 2 of this bill similarly provides for a partial abatement from the business tax of 0.63 percent that is imposed on other employers by NRS 363B.110. An employer that contributes to the health savings accounts of its employees may apply to the Department of Taxation for approval of a partial abatement that is equal to the amount contributed by the employer to those accounts, except that the partial abatement may not exceed 50 percent of the business tax that the employer would otherwise pay. An employer that fails to comply with certain requirements of **section 2** may be required to repay the amount of the abatement to the Department.



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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 by 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

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

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

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

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

4. In no case may the amount of a partial abatement approved pursuant to this section exceed 50 percent of the taxes otherwise payable by the employer pursuant to NRS 363A.130.

5. An employer is not eligible for a partial abatement pursuant to this section in any calendar quarter during which the employer fails to comply with the requirements set forth in subsection 2, and shall repay to the Department the amount of any abatement allowed during such a calendar quarter unless the Commission determines that the employer has substantially complied with those requirements.

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

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

Sec. 2. Chapter 363B 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 by NRS 363B.110.



* S B 2 6 2 *

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

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

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

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

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

4. In no case may the amount of a partial abatement approved pursuant to this section exceed 50 percent of the taxes otherwise payable by the employer pursuant to NRS 363B.110.

5. An employer is not eligible for a partial abatement pursuant to this section in any calendar quarter during which the employer fails to comply with the requirements set forth in subsection 2, and shall repay to the Department the amount of any abatement allowed during such a calendar quarter unless the Commission determines that the employer has substantially complied with those requirements.

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

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

Sec. 3. This act becomes effective on July 1, 2007.

