EXEMPT
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FIRST REPRINT S.B. 528

SENATE BILL NO. 528–COMMITTEE ON HUMAN RESOURCES AND EDUCATION

MARCH 26, 2007

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Referred to Committee on Taxation

SUMMARY—Provides for an incremental reduction in certain excise taxes payable by financial institutions and other employers that contribute to health savings accounts for their employees. (BDR 32-1179)

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 health savings accounts; providing for an incremental reduction in certain excise taxes payable by financial institutions and other employers that contribute to health savings accounts for their employees; revising certain statutory references to medical savings accounts to instead refer to health savings accounts; 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 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 a specified maximum percentage of the payroll tax that the financial institution would otherwise pay. **Section 1** specifies that the maximum percentage of this abatement is 10 percent of the payroll tax during the fiscal year ending on June 30, 2008, and increases that percentage by 10 percent for each subsequent fiscal year until setting a maximum abatement of 50 percent of the payroll tax during each fiscal year ending on or after June 30, 2012. 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 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 a specified maximum percentage of the business tax that the employer would otherwise pay. **Section 2** specifies that the maximum percentage of this abatement is 10 percent of the business tax during the fiscal year ending on June 30, 2008, and increases that percentage by 10 percent for each subsequent fiscal year until setting a maximum abatement of 50 percent of the business tax during each fiscal year ending on or after June 30, 2012. 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.

Existing law requires trustees of medical savings accounts to report annually to the Commissioner of Insurance the number of those accounts which they administered during the previous year. (NRS 689A.735) **Section 3** of this bill replaces this requirement with the requirement for trustees of health savings accounts to report annually the number of those accounts which they administered during the previous year.

Existing law authorizes health maintenance organizations to offer certain health care plans to small employers for the purposes of establishing medical savings accounts. (NRS 695C.325) **Section 4** of this bill replaces this authority with the authority to offer certain health care plans for the purposes of establishing health savings accounts.

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

(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 the abatement provided 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 the abatement provided pursuant to this section for a calendar quarter exceed:

(a) In the fiscal year ending on June 30, 2008, 10 percent;

(b) In the fiscal year ending on June 30, 2009, 20 percent;

(c) In the fiscal year ending on June 30, 2010, 30 percent;

(d) In the fiscal year ending on June 30, 2011, 40 percent; and

(e) In the fiscal year ending on June 30, 2012, and in any subsequent fiscal year, 50 percent,

➥ of the taxes otherwise payable by the employer pursuant to NRS 363A.130.

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

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 pursuant to 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 pursuant to NRS 363B.110.

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 the abatement provided 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 the abatement provided pursuant to this section for a calendar quarter exceed:

(a) In the fiscal year ending on June 30, 2008, 10 percent;

(b) In the fiscal year ending on June 30, 2009, 20 percent;

(c) In the fiscal year ending on June 30, 2010, 30 percent;
(d) In the fiscal year ending on June 30, 2011, 40 percent; and
(e) In the fiscal year ending on June 30, 2012, and in any subsequent fiscal year, 50 percent,
➥ of the taxes otherwise payable by the employer pursuant to NRS 363B.110.

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

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 pursuant to 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. NRS 689A.735 is hereby amended to read as follows:

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

Sec. 4. NRS 695C.325 is hereby amended to read as follows:

695C.325 A health maintenance organization may offer to a small employer who has not less than 2 and not more than 50 employees, a health care plan that has a high deductible and that is in compliance with 26 U.S.C. § ~~[220]~~ ***223*** for the purposes of establishing ~~[medical]~~ ***health*** savings accounts for any person insured by the health care plan.

Sec. 5. This act becomes effective on January 1, 2008.