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HOUSE BILL 43

43RD LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 1997

INTRODUCED BY

JERRY W. SANDEL

FOR THE REVENUE STABILIZATION AND TAX POLICY COMMITTEE

AN ACT

RELATING TO MEDICAL CARE SAVINGS ACCOUNTS; CHANGING PROVISIONS
PERTAINING TO THE INCOME TAX EXEMPTION FOR MEDICAL CARE SAVINGS
ACCOUNTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 7-2-5.6 NMSA 1978 (being Laws 1995,
Chapter 93, Section 8) is amended to read:

"7-2-5.6. EXEMPTION--MEDICAL CARE SAVINGS ACCOUNTS.--
Except as provided in this section and in Section [6 of this
act] 59A-23D-6 NMSA 1978, employer and employee contributions to
medical care savings accounts established pursuant to the
Medical Care Savings Account Act, the interest earned on those
accounts and money reimbursed to an employee for eligible
medical expenses from those accounts or money advanced to the
employee by the employer for eligible medical expenses pursuant

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1 to that act are exempt from taxation. If any such contribution,
2 interest or reimbursement, or portion thereof, is excludable
3 from income or deductible from gross income for federal income
4 tax purposes, then net income shall be reduced only by the
5 amount the contribution, interest or reimbursement exceeds the
6 amount excluded or deducted from that gross income.

7 Section 2. APPLICABILITY. --The provisions of this act
8 apply to taxable years beginning on or after January 1, 1997.

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State of New Mexico House of Representatives

FORTY-THIRD LEGISLATURE

FIRST SESSION, 1997

February 26, 1997

Mr. Speaker:

Your TAXATION AND REVENUE COMMITTEE, to whom has
been referred

HOUSE BILL 43

has had it under consideration and reports same with
recommendation that it DO PASS, amended as follows:

1. On page 1, line 13, before the period insert "; LIMITING
EMPLOYEE CONTRIBUTIONS TO MEDICAL CARE SAVINGS ACCOUNTS".

2. On page 2, between lines 6 and 7, insert the following
section:

"Section 2. Section 59A-23D-3 NMSA 1978 (being Laws 1995,
Chapter 93, Section 3) is amended to read:

"59A-23D-3. ACCOUNT ADMINISTRATOR--REGISTRATION WITH
DEPARTMENT--DEPARTMENT POWERS AND DUTIES.--

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FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

HTRC/HB 43

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A. An account administrator shall register with the department and pay a registration fee of twenty-five dollars (\$25.00). The registration fee shall be deposited in the general fund. Registration as an account administrator does not affect the regulation of a bank, savings and loan association, credit union, trust company or insurance company as otherwise provided by law.

B. An account administrator shall provide to the department annually a list of the employers for whom it provides account administration and the number of employees and dependents for whom it administers accounts. The information shall be provided in the form requested by the department. The department may request other information it deems appropriate from the account administrator; provided, however, that the department shall not request any information about an individual employee or dependent unless a complaint has been filed with the department by that employee or dependent and the information is required to investigate the complaint.

C. The department may receive, investigate and settle complaints about medical care savings accounts and account administrators or it may refer complaints to other appropriate agencies.

D. The department shall adjust annually the maximum deductible for qualified higher deductible health plans to reflect the last known increase in the medical care component of the

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2 consumer price index published by the United States department of
3 labor. For 1995, the maximum deductible shall not be less than
4 one thousand dollars (\$1,000) and not more than three thousand
5 dollars (\$3,000).

6 E. The department may adjust annually the maximum
7 employer contribution to reflect the last known increase in the
8 medical care component of the consumer price index. For 1995, the
9 employer's contribution shall not exceed three thousand dollars
10 (\$3,000). Any contribution by an employee shall not exceed the
11 maximum employer's contribution allowed by the department.".

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13 3. Renumber the succeeding section accordingly.

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15 Respectfully submitted,

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18 _____
19 Jerry W. Sandel, Chairman
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**FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997**

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Adopted _____ **Not Adopted** _____

(Chief Clerk)

(Chief Clerk)

Date _____

The roll call vote was 9 For 0 Against

Yes: 9

Excused: Gubbels, Porter, Sandoval, Stell

Absent: None

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FIRST SESSION, 1997

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March 19, 1997

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10 Mr. President:

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12 Your WAYS AND MEANS COMMITTEE, to whom has been
13 referred

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HOUSE BILL 43, as amended

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16 has had it under consideration and reports same with
17 recommendation that it DO PASS, and thence referred to the
18 FINANCE COMMITTEE.

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20 Respectfully submitted,

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Carlos R. Cisneros, Chairman

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**FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997**

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3 Adopted _____ Not Adopted _____
4 (Chief Clerk) (Chief Clerk)

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Date _____

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9 The roll call vote was 7 For 0 Against

10 Yes: 7

11 No: 0

12 Excused: Duran, McSorley

13 Absent: None

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FIRST SESSION, 1997

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FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

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March 20, 1997

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10 Mr. President:

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Your FINANCE COMMITTEE, to whom has been referred

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HOUSE BILL 43, as amended

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has had it under consideration and reports same with

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recommendation that it DO PASS.

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Respectfully submitted,

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Ben D. Altamirano, Chairman

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Adopted _____

Not Adopted _____

(Chief Clerk)

(Chief Clerk)

FORTY-THIRD LEGISLATURE
FIRST SESSION, 1997

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Date _____

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The roll call vote was 5 For 1 Against

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Yes: 5

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No: Lyons

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Excused: Aragon, Eisenstadt, Ingle, McKibben, Smith

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Absent: None

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