

**ASSEMBLY BILL**

**No. 2539**

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**Introduced by Assembly Member Smyth**

February 19, 2010

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An act relating to taxation.

LEGISLATIVE COUNSEL'S DIGEST

AB 2539, as introduced, Smyth. Income tax: health savings account.

The Personal Income Tax Law authorizes various deductions in computing income that is subject to tax under that law.

This bill would state the intent of the Legislature to enact legislation to allow a deduction in connection with health savings accounts in conformity with federal law, and to provide related conformity to federal law with respect to treatment of the account as a tax-exempt trust, the allowance of rollovers from Archer Medical Savings Accounts to a health savings account, and penalties in connection therewith.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1 SECTION 1. It is the intent of the Legislature to enact
- 2 legislation to allow a deduction in connection with health savings
- 3 accounts in conformity with federal law, and to provide related
- 4 conformity to federal law with respect to treatment of the account
- 5 as a tax-exempt trust, the allowance of rollovers from Archer

- 1 Medical Savings Accounts to a health savings account, and
- 2 penalties in connection therewith.

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