

108TH CONGRESS
1ST SESSION

H. R. 1670

To amend the Internal Revenue Code of 1986 to establish a pilot program to encourage the use of medical savings accounts by public employees of the State of Minnesota and political jurisdictions thereof.

IN THE HOUSE OF REPRESENTATIVES

APRIL 8, 2003

Mr. GUTKNECHT (for himself, Mr. SABO, Mr. PETERSON of Minnesota, Mr. RAMSTAD, Mr. KENNEDY of Minnesota, Ms. MCCOLLUM, and Mr. KLINE) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to establish a pilot program to encourage the use of medical savings accounts by public employees of the State of Minnesota and political jurisdictions thereof.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Minnesota MSA Em-
5 powerment Act of 2003”.

1 **SEC. 2. DEDUCTION FOR MINNESOTA PUBLIC EMPLOYEE**
 2 **MSA PILOT PROGRAM.**

3 (a) IN GENERAL.—Part VII of subchapter B of chap-
 4 ter 1 of the Internal Revenue Code of 1986 (relating to
 5 additional itemized deductions) is amended by redesi-
 6 gnating section 223 as section 224 and by inserting after
 7 section 222 the following new section:

8 **“SEC. 223. MINNESOTA PUBLIC EMPLOYEE MSAS.**

9 “(a) IN GENERAL.—In the case of an eligible indi-
 10 vidual, there shall be allowed as a deduction an amount
 11 equal to the amount contributed during the taxable year
 12 by such individual to the Minnesota public employee MSA
 13 of such individual.

14 “(b) ELIGIBLE INDIVIDUAL.—For purposes of this
 15 section, the term ‘eligible individual’ means an individual
 16 who—

17 “(1) is in receipt of retirement benefits for the
 18 taxable year from a retirement plan associated with
 19 the State of Minnesota or a political subdivision
 20 thereof, or

21 “(2) is an employee of the State of Minnesota
 22 or a political subdivision thereof.

23 “(c) MINNESOTA PUBLIC EMPLOYEE MSA.—

24 “(1) IN GENERAL.—The term ‘Minnesota public
 25 employee MSA’ means an Archer MSA which is cre-
 26 ated or organized exclusively for the purpose of pay-

1 ing the qualified medical expenses of the eligible in-
2 dividual and—

3 “(A) which is designated as a Minnesota
4 public employee MSA, and

5 “(B) with respect to which no contribution
6 may be made other than a contribution made
7 by the eligible individual or the employer of the
8 eligible individual.

9 “(2) ARCHER MSA; QUALIFIED MEDICAL EX-
10 PENSES.—For purposes of this section, the terms
11 ‘Archer MSA’ and ‘qualified medical expenses’ shall
12 have the respective meanings given to such terms by
13 section 220(d).

14 “(d) SPECIAL RULES.—In applying section 220 to a
15 Minnesota public employee MSA—

16 “(1) subsection (d)(1)(A)(ii) shall not apply,
17 and

18 “(2) subsection (f)(3) shall be treated as includ-
19 ing a reference to this section.

20 “(e) REPORTS.—In the case of a Minnesota public
21 employee MSA, the report under section 220(h)—

22 “(1) shall include the fair market value of the
23 assets in such Minnesota public employee MSA as of
24 the close of each calendar year, and

25 “(2) shall be furnished to the account holder—

1 “(A) not later than January 31 of the cal-
2 endar year following the calendar year to which
3 such reports relate, and

4 “(B) in such manner as the Secretary pre-
5 scribes.

6 “(f) COORDINATION WITH LIMITATION ON NUMBER
7 OF TAXPAYERS HAVING ARCHER MSAS.—Subsection (i)
8 of section 220 shall not apply to an individual with respect
9 to a Minnesota public employee MSA, and Minnesota pub-
10 lic employee MSAs shall not be taken into account in de-
11 termining whether the numerical limitations under section
12 220(j) are exceeded.”.

13 (b) DEDUCTION ALLOWED WHETHER OR NOT TAX-
14 PAYER ITEMIZES.—Subsection (a) of section 62 is amend-
15 ed by inserting after paragraph (18) the following new
16 item:

17 “(19) MINNESOTA PUBLIC EMPLOYEE MSAS.—
18 The deduction allowed by section 223.”.

19 (c) TAX ON EXCESS CONTRIBUTIONS.—Section
20 4973(d)(1) of such Code (relating to excess contributions
21 to Archer MSAs) is amended by inserting “or 223” after
22 “220”.

23 (d) CLERICAL AMENDMENT.—The table of sections
24 for part VII of subchapter B of chapter 1 of such Code

1 is amended by striking the last item and inserting the fol-
2 lowing new items:

“Sec. 223. Minnesota public employee MSAs.
“Sec. 224. Cross reference.”.

3 (e) **EFFECTIVE DATE.**—The amendments made by
4 this section shall apply to taxable years beginning after
5 December 31, 2003.

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