

SENATE BILL 507

N2

0lr2106
CF HB 671

By: **Senator West**

Introduced and read first time: January 29, 2020

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Estates and Trusts – Health Savings Accounts – Establishment**

3 FOR the purpose of providing that a certain health savings account is established on the
4 first day that an individual becomes covered under a certain health plan; requiring
5 a health savings account to be opened with a trustee or custodian within a certain
6 time period; clarifying that a health savings account is established regardless of
7 certain circumstances; defining certain terms; and generally relating to health
8 savings accounts.

9 BY repealing and reenacting, with amendments,
10 Article – Estates and Trusts
11 Section 14.5–401
12 Annotated Code of Maryland
13 (2017 Replacement Volume and 2019 Supplement)

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
15 That the Laws of Maryland read as follows:

16 **Article – Estates and Trusts**

17 14.5–401.

18 **(A)** A trust may be created by:

19 (1) Transfer of property to another person as trustee during the lifetime of
20 the settlor or by will or other disposition taking effect on the death of the settlor;

21 (2) Declaration by the owner of property that the owner holds identifiable
22 property as trustee; or

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (3) Exercise of a power of appointment in favor of a trustee.

2 **(B) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVING THE**
3 **MEANINGS INDICATED.**

4 **(II) “HEALTH SAVINGS ACCOUNT” HAS THE MEANING STATED IN**
5 **§ 223 OF THE INTERNAL REVENUE CODE.**

6 **(III) “HIGH DEDUCTIBLE HEALTH PLAN” HAS THE MEANING**
7 **STATED IN § 223 OF THE INTERNAL REVENUE CODE.**

8 **(2) A HEALTH SAVINGS ACCOUNT IS ESTABLISHED ON THE FIRST DAY**
9 **THAT AN INDIVIDUAL BECOMES COVERED BY A HIGH DEDUCTIBLE HEALTH PLAN.**

10 **(3) THE HEALTH SAVINGS ACCOUNT SHALL BE OPENED WITH A**
11 **TRUSTEE OR CUSTODIAN WITHIN THE TIME PERIOD PRESCRIBED BY LAW, WITHOUT**
12 **EXTENSIONS, FOR FILING A FEDERAL INCOME TAX RETURN FOR THE YEAR IN WHICH**
13 **THE HEALTH SAVINGS ACCOUNT IS ESTABLISHED.**

14 **(4) A HEALTH SAVINGS ACCOUNT IS ESTABLISHED REGARDLESS OF A**
15 **TRANSFER OF CASH OR OTHER PROPERTY TO THE ACCOUNT AND, UNLESS**
16 **REQUIRED BY THE TRUSTEE OR CUSTODIAN, IT IS NOT NECESSARY FOR ANY PARTY**
17 **TO SIGN A HEALTH SAVINGS ACCOUNT TRUST OR CUSTODIAL AGREEMENT**
18 **REGARDING THE HEALTH SAVINGS ACCOUNT.**

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 October 1, 2020.