

SB-230

Income Tax: Health Savings Accounts



Prepared by the
ELDERLY CARE
EVERYWHERE POLICY
TEAM



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Largest youth lobbying group for senior citizens and senior care in California.

Executive Summary

Senate Bill No. 230 (SB 230), introduced by Senator Seyarto during the 2023-2024 Regular Session of the California Legislature, aims to amend the Revenue and Taxation Code to provide tax deductions related to health savings accounts (HSAs). This bill seeks to align California's tax treatment of HSAs with federal law, offering a significant incentive for individuals to save for future health-related expenses.

The bill authorizes deductions in computing adjusted gross income for contributions to HSAs for taxable years beginning on or after January 1, 2024, and before January 1, 2029. This deduction is available to individuals with adjusted gross incomes below specified thresholds. SB 230 also permits rollovers from Archer Medical Savings Accounts, health flexible spending arrangements, or health reimbursement accounts to an HSA, in modified conformity with federal law.

Elderly Care Everywhere strongly supports SB 230 because it aligns with our mission to promote financial security and well-being among Californians. By allowing tax deductions for HSA contributions, the bill encourages individuals to proactively save for future medical expenses, thereby reducing financial stress and debt related to health care costs. The bill's provisions help create a more financially stable population, which can have broader positive impacts on economic activity.

SB 230 specifies that volunteer work must be medically appropriate and beneficial, ensuring activities are safe and suitable for participants. This medical oversight guarantees the therapeutic benefits of the volunteer work, enhancing the health and well-being of participants.

The bill clearly states that volunteers will not replace civil servants or be considered employees, maintaining compliance with employment laws. Stipends provided to volunteers are exempt from fee collections, ensuring they retain the full financial benefit.

Members can disenroll from the volunteer program at any time without notice, providing flexibility and autonomy. This flexibility respects the veterans' autonomy and personal circumstances.

In summary, SB 230 is a significant legislative measure that enhances the financial security of Californians by encouraging the use of HSAs. This change promotes proactive health care savings while ensuring operational integrity and compliance with existing laws. The bill reflects a commitment to the financial well-being and dignity of individuals, ensuring they have the resources and opportunities for meaningful financial stability. By fostering a culture of savings, SB 230 not only benefits individuals but also contributes to a more financially secure and resilient community.



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Our Position

Senate Bill No. 230 (SB 230), introduced by Senator Seyarto, seeks to amend the Revenue and Taxation Code to provide tax deductions related to health savings accounts (HSAs). This bill aims to align California's tax treatment of HSAs with federal law, offering a significant incentive for individuals to save for future health-related expenses. SB 230 is a crucial legislative measure that addresses the financial well-being of Californians by encouraging proactive health care savings and fostering long-term financial security for medical needs.

Elderly Care Everywhere strongly supports SB 230 because it aligns with our mission to promote financial security and health among Californians. By allowing tax deductions for HSA contributions, the bill encourages individuals to prepare for future medical expenses, thereby reducing financial stress and health care-related debt. This proactive approach not only benefits individuals but also contributes to the overall economic stability of the state by increasing disposable income for other expenditures.

SB 230 authorizes deductions in computing adjusted gross income for contributions to HSAs for taxable years beginning on or after January 1, 2024, and before January 1, 2029. This deduction is available to individuals with adjusted gross incomes below specified thresholds, making it accessible to a broad segment of the population. Additionally, the bill permits rollovers from Archer Medical Savings Accounts, health flexible spending arrangements, or health reimbursement accounts to an HSA, in modified conformity with federal law.

The bill also emphasizes the importance of clear goals, purposes, and objectives for the tax deductions, such as motivating families to save for future health expenses and reducing health care-related debt. By requiring the Franchise Tax Board to report on the number of deductions allowed and the total dollar amount of these deductions, SB 230 ensures accountability and transparency in measuring the bill's effectiveness. This transparency is vital for evaluating the impact of the deductions on the financial health of Californians and the state's economy, allowing for adjustments and improvements to maximize benefits.

Ultimately, SB 230 is a pivotal legislative effort aimed at boosting the financial stability of Californians by promoting the use of Health Savings Accounts (HSAs). This initiative encourages proactive planning for medical expenses, helping individuals build a safety net for future health-related costs. The bill ensures adherence to current laws and maintains operational integrity, reflecting a strong commitment to the fiscal health and overall well-being of residents. By cultivating a savings-oriented mindset, SB 230 benefits individuals and enhances the financial resilience and stability of the wider community, making California a healthier and more financially secure state.



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Letter of Support for SB-230

June 2, 2024

The Honorable Jacqui Irwin, Chair
Assembly Committee on Revenue and Taxation
Sacramento, CA 95814

Re: Support for SB 230

Dear Assembly Member Irwin and Members of the Revenue and Taxation Committee,

On behalf of Elderly Care Everywhere, I am writing to express our strong support for SB 230, which will allow state income tax deductions for health savings accounts (HSAs) contributions. This bill is especially significant for seniors who face substantial healthcare costs.

SB 230 aligns California's tax code with federal regulations, enabling Californians to deduct contributions to HSAs from their state income taxes. This change will give seniors a vital tool to save pre-tax dollars for healthcare expenses, helping them manage medical costs more effectively. By allowing these deductions, SB 230 offers much-needed financial relief to our senior population, who often live on fixed incomes and face increasing medical expenses as they age.

The ability to deduct HSA contributions from state income taxes will benefit seniors by reducing their taxable income, thereby increasing their disposable income. Moreover, HSAs offer a way for seniors to plan for future healthcare needs, promoting long-term financial stability and peace of mind. SB 230 also sets reasonable income thresholds to ensure the benefits are targeted toward those who most need them. It includes provisions for detailed reporting and performance indicators to monitor its effectiveness, ensuring transparency and fiscal responsibility. This targeted approach helps maximize the positive impact on the senior community while maintaining the state's fiscal health.

Supporting SB 230 is a step toward enhancing financial security and health outcomes for seniors across California. By making healthcare more affordable, this bill supports the independence and well-being of our aging population. We would appreciate your favorable consideration of this critical legislation.

Sincerely,
Aakrisht Mehra
Founder/CEO
Elderly Care Everywhere



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About Elderly Care Everywhere

Elderly Care Everywhere is a transformative nonprofit organization dedicated to improving the lives of senior citizens. Since its inception, the organization has positively impacted over 40,000 seniors through a variety of programs aimed at enhancing their quality of life.

Elderly Care Everywhere has been instrumental in alleviating hundreds of thousands of dollars in medical debt, ensuring that seniors have access to the healthcare they need without the burden of financial stress. With more than 20 chapters across the United States, the organization extends its reach and resources to numerous communities, providing support and advocacy on a national scale.

Beyond U.S. borders, Elderly Care Everywhere has established flood relief camps in India, showcasing its commitment to global humanitarian efforts. The organization's impactful work has been recognized by the government of New Delhi, further highlighting its significant contributions to senior care and welfare. Through these efforts, Elderly Care Everywhere continues to lead the way in senior advocacy, ensuring that the elderly are treated with dignity and respect worldwide.

Thank you for your support of SB-230. If you have any questions, feel free to email us at connect@elderlycareeverywhere.org