

Assembly Bill No. 225–Committee on
Government Affairs

CHAPTER.....

AN ACT relating to programs for public employees; providing that the Public Employees' Deferred Compensation Program approved by the Committee to administer the Program may consist of any plan authorized by federal law to reduce taxable income or other forms of compensation; and providing other matters properly relating thereto.

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. NRS 287.270 is hereby amended to read as follows:

287.270 “Deferred compensation” means income which a state employee or employee of the University and Community College System of Nevada may legally set aside under the Program, which may consist of one or more plans authorized by 26 U.S.C. § 401(a), 401(k), 403(b), ~~or~~ 457 *or 3121, including, without limitation, a FICA alternative plan, or any other plan authorized by any federal law to reduce taxable compensation or other forms of compensation*, and which income, while invested under the Program, is exempt from federal income taxes on the employee’s contributions and interest, dividends and capital gains.

Sec. 2. NRS 287.320 is hereby amended to read as follows:

287.320 1. The State may agree with any of its employees, and the Board of Regents of the University of Nevada may agree with any of its employees, to defer the compensation due to them in accordance with a program approved by the Committee which may consist of one or more plans authorized by 26 U.S.C. § 401(a), 401(k), 403(b) ~~or 457~~, *457 or 3121, including, without limitation, a FICA alternative plan, or any other plan authorized by any federal law to reduce taxable compensation or other forms of compensation*. The Board of Regents may agree with any of its employees to defer the compensation due to them as authorized by 26 U.S.C. § 403(b) without submitting the program to the Committee for its approval. An employee may defer compensation under one or more plans in the Program.

2. The employer shall withhold the amount of compensation which an employee has, by such an agreement, directed the employer to defer.

3. The employer may invest the withheld money in any investment approved by the Committee or, in the case of deferred compensation under 26 U.S.C. § 403(b) for employees of the University and Community College System of Nevada by the Board of Regents of the University of Nevada.

4. The investments must be underwritten and offered in compliance with all applicable federal and state laws and regulations, and may be offered only by persons who are authorized and licensed under all applicable state and federal regulations.

5. All amounts of compensation deferred pursuant to the Program, all property and all rights purchased with those amounts and all income attributable to those amounts, property or rights must, in accordance with 26 U.S.C. § 401(a) ~~for 457(g),~~ *401(k), 403(b), 457(g) or 3121, including, without limitation, a FICA alternative plan, or any other federal law authorizing a plan to reduce taxable compensation or other forms of compensation,* as applicable, be held in trust for the exclusive benefit of the participants in the Program and their beneficiaries.

Sec. 3. NRS 287.340 is hereby amended to read as follows:

287.340 1. Deferrals of compensation may be withheld as deductions from the payroll in accordance with the agreement between the employer and a participating employee.

2. The amount of deferred compensation set aside by the employer to a plan under the Program during any calendar year may not exceed the amount authorized by 26 U.S.C. § 401(a), 401(k), 403(b) ~~for 457,~~ *457 or 3121, including, without limitation, a FICA alternative plan, or any other federal law authorizing a plan to reduce taxable compensation or other forms of compensation,* as applicable.

Sec. 4. NRS 287.350 is hereby amended to read as follows:

287.350 1. No plan in the program becomes effective and no deferral may be made until the plan meets the requirements of 26 U.S.C. § 401(a), 401(k), 403(b) ~~for 457,~~ *457 or 3121, including, without limitation, a FICA alternative plan, or any other federal law authorizing a plan to reduce taxable compensation or other forms of compensation,* as applicable, for eligibility.

2. Income deferred during a period in which no income tax is imposed by the State or a political subdivision may not be taxed when paid to the employee.

Sec. 5. This act becomes effective on July 1, 2003.