

ASSEMBLY BILL NO. 225—COMMITTEE ON
GOVERNMENT AFFAIRS

(ON BEHALF OF THE COMMITTEE TO ADMINISTER THE PUBLIC
EMPLOYEES' DEFERRED COMPENSATION PROGRAM)

MARCH 3, 2003

Referred to Committee on Government Affairs

SUMMARY—Provides that Public Employees' Deferred Compensation Program approved by Committee to administer the Program may consist of any plan to reduce taxable income. (BDR 23-505)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

~

EXPLANATION – Matter in *bolded italics* is new; matter between brackets ~~omitted material~~ is material to be omitted.

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:

- 1 **Section 1.** NRS 287.270 is hereby amended to read as follows:
2 287.270 “Deferred compensation” means income which a state
3 employee or employee of the University and Community College
4 System of Nevada may legally set aside under the Program, which
5 may consist of one or more plans authorized by 26 U.S.C. § 401(a),
6 401(k), 403(b) or 457 , *or any other plan authorized by any federal*
7 *law to reduce taxable compensation or other forms of*
8 *compensation*, and which income, while invested under the
9 Program, is exempt from federal income taxes on the employee’s
10 contributions and interest, dividends and capital gains.



* A B 2 2 5 R 1 *

1 **Sec. 2.** NRS 287.320 is hereby amended to read as follows:
2 287.320 1. The State may agree with any of its employees,
3 and the Board of Regents of the University of Nevada may agree
4 with any of its employees, to defer the compensation due to them in
5 accordance with a program approved by the Committee which may
6 consist of one or more plans authorized by 26 U.S.C. § 401(a),
7 401(k), 403(b) or 457 ~~F~~, *or any other plan authorized by any*
8 *federal law to reduce taxable compensation or other forms of*
9 *compensation.* The Board of Regents may agree with any of its
10 employees to defer the compensation due to them as authorized
11 by 26 U.S.C. § 403(b) without submitting the program to the
12 Committee for its approval. An employee may defer compensation
13 under one or more plans in the Program.
14 2. The employer shall withhold the amount of compensation
15 which an employee has, by such an agreement, directed the
16 employer to defer.
17 3. The employer may invest the withheld money in any
18 investment approved by the Committee or, in the case of deferred
19 compensation under 26 U.S.C. § 403(b) for employees of the
20 University and Community College System of Nevada by the Board
21 of Regents of the University of Nevada.
22 4. The investments must be underwritten and offered in
23 compliance with all applicable federal and state laws and
24 regulations, and may be offered only by persons who are authorized
25 and licensed under all applicable state and federal regulations.
26 5. All amounts of compensation deferred pursuant to the
27 Program, all property and all rights purchased with those amounts
28 and all income attributable to those amounts, property or rights
29 must, in accordance with 26 U.S.C. § 401(a) , *401(k), 403(b)* or
30 *457(g), or any other federal law authorizing a plan to reduce*
31 *taxable compensation or other forms of compensation,* as
32 applicable, be held in trust for the exclusive benefit of the
33 participants in the Program and their beneficiaries.
34 **Sec. 3.** NRS 287.340 is hereby amended to read as follows:
35 287.340 1. Deferrals of compensation may be withheld as
36 deductions from the payroll in accordance with the agreement
37 between the employer and a participating employee.
38 2. The amount of deferred compensation set aside by the
39 employer to a plan under the Program during any calendar year may
40 not exceed the amount authorized by 26 U.S.C. § 401(a), 401(k),
41 403(b) , ~~F~~ 457, *or any other federal law authorizing a plan to*
42 *reduce taxable compensation or other forms of compensation,* as
43 applicable.



- 1 **Sec. 4.** NRS 287.350 is hereby amended to read as follows:
2 287.350 1. No plan in the program becomes effective and no
3 deferral may be made until the plan meets the requirements of 26
4 U.S.C. § 401(a), 401(k), 403(b) or 457, *or any other federal law*
5 *authorizing a plan to reduce taxable compensation or other forms*
6 *of compensation*, as applicable, for eligibility.
7 2. Income deferred during a period in which no income tax is
8 imposed by the State or a political subdivision may not be taxed
9 when paid to the employee.
10 **Sec. 5.** This act becomes effective on July 1, 2003.

