

# HOUSE BILL 671

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0lr2552  
CF 0lr2106

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By: **Delegates Shetty, Atterbeary, Bartlett, Carr, Ebersole, Grammer, Griffith, Kerr, Lopez, Malone, Solomon, and Williams**

Introduced and read first time: January 29, 2020

Assigned to: Health and Government Operations

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## 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

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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.