



SENATE BILL 445: Regulatory Reform Act of 2026, Sec. 17.6: Voluntary Portable Benefits Act.

2025-2026 General Assembly

Analysis of: S.L. 2026-59, Sec. 17.6

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Section 17.6 of S.L. 2026-59 (Senate Bill 445) authorizes a person or entity who hires an independent contractor (hiring party) to voluntarily contribute funds into a portable benefit account to be owned and used by the independent contractor to purchase a variety of benefits traditionally provided to employees, such as health insurance, life insurance, disability insurance, and retirement benefits. The provision creates a framework for the administration and use of portable benefit accounts, including defined terms, permitted uses of funds, and safeguards for the independent contractor while explicitly stating that the making of contributions is not evidence of an employer-employee relationship.

This section does the following as it relates to the tax implications of portable benefit accounts:

- Creates an income tax deduction for independent contractors for contributions they receive in a portable benefit account to the extent the amount is included in the independent contractor's adjusted gross income.
- Requires an add-back to an independent contractor's adjusted gross income if the independent contractor used money from the account for purposes other than permitted use.
- Exempts a hiring party from having to make any withholdings for contributions to a portable benefit account for an independent contractor who meets the definition of a payee. A payee is a nonresident contractor, an Individual Taxpayer Identification Number (ITIN) contractor, a person who fails to provide a taxpayer identification number, or a person who fails to provide a valid taxpayer identification number.
- Allows the Secretary of Revenue to request, no more than once per calendar year, information from a portable benefit provider, including a portable benefit account owner's name, tax identification number, records of contributions and distributions from any portable benefit account owned by an account owner, and other information as deemed necessary for compliance purposes.

This section is effective January 1, 2027, and applies to taxable years beginning on or after that date.

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