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AND MEANS

COMMITTEE ON EDUCATION  
AND THE WORKFORCE

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UNITED STATES AND THE  
CHINESE COMMUNIST PARTY

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**Congress of the United States**  
**House of Representatives**  
Washington, DC 20515-0548

July 18, 2023

The Honorable Gavin Newsom  
Governor  
State of California  
1303 10th Street, Suite 1173  
Sacramento, CA 95814

Dear Governor Newsom,

California is one of only two states in the United States that is in nonconformance to federal tax code and prevents more than 5 million Californians from having two of the three tax advantages offered by Health Savings Accounts (HSAs): no state income tax deduction for HSA contributions and no tax-free earnings on HSA assets. In more detail, this means that a California taxpayer who contributed to an HSA is required to increase their California adjusted gross income by an amount equal to the sum of the taxpayer's HSA deduction on their federal return, the interest earned on the HSA, and the contributions made by the taxpayer's employer.

These harmful taxes impact hardworking Americans the most who want to offset the costs of health care or plan for future medical expenses. We must allow HSA accountholders to keep more of their hard-earned money, prevent further taxation from the State of California, and allow our constituents to adequately pay for necessary health care including medical, dental, vision, and prescription expenses. With this taxation in place, there are serious concerns that Californians may not seek access to care, worsening health care outcomes and costing more for the patient and the taxpayer in the long-run.

Recently, the Kaiser Family Foundation found that more than 40% of Americans have delayed care due to costs<sup>1</sup> and unpublished estimates from the Employee Benefit Research Institute (EBRI) have found that more than 50 percent of individuals with an HSA live in zip codes where the median income is below \$75,000<sup>2</sup>. In California, this tax on health care impacts many families who live below the median income household of \$84,097<sup>3</sup>. We should eliminate your vision of creating a single-payer health care system in California and instead strengthen ways of improving Consumer Directed Health Plans (CDHPs) that are utilized by more than 30 million Americans.

As Members of Congress from California, we urge you to work with the California State Senate and the California State Assembly to allow the millions of Californians who have HSAs to have access to the tax-exempt benefits that all of the other 48 states offer.

Sincerely,



Michelle Steel  
Member of Congress



Young Kim  
Member of Congress

<sup>1</sup> [Americans' Challenges with Health Care Costs](#)

<sup>2</sup> [Examining HSAs Through a DEI Lens](#)


<sup>3</sup> [U.S. Census Bureau QuickFacts: California](#)



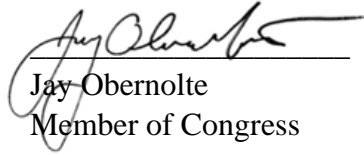
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Member of Congress



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