

CALIFORNIA ADVOCATES, INC.



CONFIDENTIAL

September 13, 2013

The Honorable Edmund G. Brown, Jr.
Governor, State of California
State Capitol
Sacramento, CA 95814

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**SUBJECT: AB 362 (TING)--HEALTH CARE COST: EQUITABLE
TAX TREATMENT – REQUEST FOR SIGNATURE**

Dear Governor Brown:

The California Association of Health Underwriters (CAHU) respectfully requests a signature on **AB 362 (Ting)**, regarding equitable tax treatment for same sex couples in terms of health insurance premiums.

CAHU believes **AB 362** provides needed relief from state taxes for additional income an employer provides to an employee to make up for federal taxes the employee would otherwise pay to add a registered domestic partner or same-sex spouse (and/or their dependents) to insurance plans.

Under the provisions of the former federal Defense of Marriage Act (DOMA), same-sex partnerships were not recognized. This has meant that the Internal Revenue Service (IRS) has treated health insurance benefits provided through a same-sex spouse's or domestic partner's employer as income and taxed those dollars as income to the worker. The federal government does not tax this reimbursement as income for different-sex couples.

When a California employer provides reimbursement to an employee to make up for the inequitable federal tax treatment, California has also taxed this reimbursement as additional income. **AB 362** repairs this inequitable tax treatment by ending state taxation on these reimbursements and affected employees will no longer have to pay California income taxes on the reimbursement that their employer provides.

The California Association of Health Underwriters is the state's largest association of health insurance agents, brokers and other health insurance industry professionals. Our members help millions of individual Californians and businesses evaluate, select, purchase and use their health care coverage plans, resulting in greater health and financial security. CAHU agents and brokers also act as advocates for policyholders and their families when coverage disputes arise. CAHU agents and brokers perform many functions for small employers with respect to managing their employee benefits program--at no additional cost to the small employer.

For these reasons, CAHU respectfully requests a **SIGNATURE** upon **AB 362 (Ting)** when it comes before you for consideration.

Sincerely,

Julianne Broyles
On Behalf of California Association of Health Underwriters