

# CALIFORNIA ADVOCATES, INC.



July 26, 2013

The Honorable Phil Ting  
Member, California State Assembly  
State Capitol, Room 3173  
Sacramento, CA 95814

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**SUBJECT: AB 362 (TING)--HEALTH CARE COST: EQUITABLE  
TAX TREATMENT – SUPPORT  
SENATE GOVERNANCE AND FINANCE  
SCHEDULED FOR HEARING: AUGUST 14, 2013**

Dear Assembly Member Ting:

The California Association of Health Underwriters (CAHU) is pleased to **SUPPORT** your **AB 362**, as amended May 21, 2013, 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.

CAHU looks forward to working with you and your staff in **SUPPORT** of your **AB 362**.

Sincerely,

Julianne Broyles

On Behalf of California Association of Health Underwriters

cc: Lark Park, Governors Office  
Members, Senate Governance and Finance Committee  
Gayle Miller, Senate Governance and Finance Committee  
Scott Chavez, Senate Republican Caucus

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