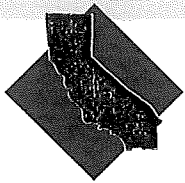


CALIFORNIA ADVOCATES, INC.



August 16 2013

TO: Members, Senate Appropriations Committee

FROM: Julianne Broyles 
On Behalf of California Association of Health Underwriters

SUBJECT: **AB 362 (TING)--HEALTH CARE COST: EQUITABLE
TAX TREATMENT – SUPPORT
SCHEDULED FOR HEARING: AUGUST 19, 2013**

The California Association of Health Underwriters (CAHU) is pleased to **SUPPORT AB 362 (Ting)**, 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.

For this reason, CAHU urges an “**AYE**” vote on **AB 362 (Ting)** when it comes before you for consideration.

cc: Lark Park, Governors Office
The Honorable Phil Ting
Mark McKenzie, Senate Appropriations Committee
Seren Taylor, Senate Republican Caucus Fiscal Office

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