

SUMMARY ANALYSIS OF AMENDED BILL

Author: Ting & Gordon Analyst: Scott McFarlane Bill Number: AB 362
 Related Bills: See Prior Analysis Telephone: 845-6075 Amended Date: May 21, 2013
 Attorney: Patrick Kusiak Sponsor: _____

SUBJECT: Compensation for Federal Taxes Imposed on Employer-Provided Health Benefits of Same-Sex Spouses and Domestic Partners

SUMMARY

This bill would provide an exclusion from gross income for health-care compensation employers provide to employees who have same-sex spouses and domestic partners.

RECOMMENDATION

No position.

SUMMARY OF AMENDMENTS

The May 21, 2013, amendments added a coauthor, and would repeal the exclusion as of January 1, 2019, change the term "reimbursement" to "compensation," and make other minor, non-substantive changes. As a result, the "Effective/Operative Date" and "This Bill" sections of the department's analysis of the bill as introduced February 14, 2013, and amended April 2, 2013, have been revised. The remainder of the department's prior analysis still applies, and the "Fiscal Impact" and "Economic Impact" sections are restated below for convenience.

EFFECTIVE/OPERATIVE DATE

As a tax levy, this bill would be effective immediately upon enactment and operative for taxable years beginning on or after January 1, 2013. The exclusion would be repealed on January 1, 2019.

ANALYSIS

THIS BILL

This bill would exclude from gross income any amounts received by an employee from an employer to compensate for additional federal income taxes that are incurred by the employee on employer-provided health-care benefits because, for federal income tax purposes, the same-sex spouse or domestic partner of the employee is not considered the spouse of the employee. The exclusion from gross income would also apply to any amount of the employer-provided health-care compensation paid to an employee that represents the "grossed-up" amount that an employer includes to offset additional federal income taxes incurred on such compensation.

Board Position:	Legislative Director	Date
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_____ NAR		
	Gail Hall	6/6/13

FISCAL IMPACT

This bill would not significantly impact the department's costs.

ECONOMIC IMPACT

Estimated Revenue Impact of AB 362 As Amended May 21, 2013 For Taxable Years Beginning On or After January 1, 2013 Assumed Enactment After June 30, 2013		
2013-14	2014-15	2015-16
- \$80,000	- \$60,000	- \$70,000

This estimate does not account for changes in employment, personal income, or gross state product that could result from this bill.

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