



Legislation Text

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**File #:** Res 0365-2006, **Version:** \*

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Res. No. 365

Resolution calling upon the New York State Legislature to pass Assembly Bill 7577 and Senate Bill 4795-A which would exempt contributions made by an employer to an accident or health plan for the benefit of an employee's domestic partner from State and City taxes.

By Council Members Mendez, Weprin, Comrie, Fidler, James, Palma, Mark-Viverito and The Public Advocate (Ms. Gotbaum)

Whereas, Under current Federal tax laws, a married employee whose spouse is covered under an employer's accident or health plan does not have to treat this benefit as part of his or her taxable income, and therefore receives this benefit tax free; and

Whereas, In contrast, Federal tax laws provide that when an employer pays additional amounts so that an employee's domestic partner (who is not a "dependent" as defined by federal law) can be covered by a health insurance plan, that amount in excess of the amount paid to cover the employee is treated as part of the employee's gross income for Federal tax purposes; and

Whereas, Because State and City tax laws determine gross income based on the Federal tax laws in this regard, the health benefits for a domestic partner are also taxed as a "taxable fringe benefit" at the State and local level; and

Whereas, This leads to the inequitable situation where a married employee whose spouse is covered under an employer health plan does not have to treat this benefit as a taxable benefit, but an employee with a covered domestic partner does, and is therefore subject to additional taxes at the Federal, State and local levels; and

Whereas, Not only is this disparate tax treatment discriminatory insofar as it treats married couples more favorably than identically situated domestic partners, but it also makes it more expensive for those in

domestic partnerships to provide health care coverage for their partners, a policy which no level of government should wish to continue; and

Whereas, Senate Bill 4795-A and Assembly Bill 7577 would amend the State and City's personal income tax to exempt the additional income attributed to the employee from the health coverage an employer provides for that employee's domestic partner from state and City taxes; and

Whereas, This legislation would provide a tax benefit that not only furthers the goal of equality between married couples and domestic partners but makes quality health care more accessible and affordable to more New Yorkers; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the New York State Legislature to pass Assembly Bill 7577 and Senate Bill 4795-A which would exempt contributions made by an employer to an accident or health plan for the benefit of an employee's domestic partner from State and City taxes.

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6/7/06  
LS# 1220