

**PUBLIC ROUNDTABLE ON
BILL 16-405, “DOMESTIC PARTNER HEALTH CARE
BENEFITS TAX EXEMPTION ACT OF 2005”**

**Before the
Committee on Finance and Revenue
Council of the District of Columbia**

The Honorable Jack Evans, Chairman

**September 28, 2005; 12:00 p.m.
Room 120, John A. Wilson Building**



**Testimony of
Matthew Braman
Director of Operations
Office of Tax and Revenue**

**Natwar M. Gandhi
Chief Financial Officer
Government of the District of Columbia**

Good afternoon, Chairman Evans and members of the Committee on Finance and Revenue. I am Matthew Braman, Director of Operations for the Office of Tax and Revenue in the Office of the Chief Financial Officer. I am pleased to present testimony today on Bill 16-405, the “Domestic Partner Health Care Benefits Tax Exemption Act of 2005.”

The purpose of this bill is to exempt from an individual’s District gross income an employer’s contributions to health insurance for a domestic partner. Currently, D.C. Official Code § 47-1803.03(a)(15) allows for the deduction from an employer’s gross income health insurance premium expenditures for domestic partners and family members of employees if offered to all of the employer’s full-time employees who are District of Columbia residents.

Similarly, federal law allows for the deduction for employers of health insurance premium payments for spouses and family members under section 162 of the Internal Revenue Code. Federal law also allows an employee to exclude from gross income for federal income tax purposes amounts paid by an employer for the health insurance premiums for the employee, the employee’s spouse and family members. However, there is no federal income tax provision for deduction of employer health insurance premium payments for *domestic partners*. Instead, these amounts are included in the taxpayer’s gross income and thus taxable at the federal level.

As a result of the District’s general conformity with federal tax laws, in the absence of legislation like Bill 16-409, these amounts are taxable for District

income tax purposes. The new exemption provided by Bill 16-409 would be limited to District gross income, and obviously would not apply to the taxpayer's gross income for federal income tax purposes.

We note that Bill 16-409 would apply only to those payments made for domestic partners duly registered in the District of Columbia with the Office of Vital Statistics in the Department of Health, pursuant to D.C. Official Code § 32-702(a). We believe the impact on tax revenues would be limited, considering that, as of yesterday, there are approximately 503 domestic partnerships registered in the District. Our colleagues at the Office of Revenue Analysis within the OCFO will be able to provide you with a more detailed review of the fiscal impact of Bill 16-409 at a later time.

Thank you, Chairman Evans, for the opportunity to comment on this bill. I would be happy to answer any questions you or other councilmembers might have at this time.

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