

LEGISLATIVE DIGEST

[Administrative Code - Compensation for City Employees With Same-Sex Spouses Or Same-Sex Domestic Partners to Offset Federal Income Tax on Health Insurance Premiums]

Ordinance amending the Administrative Code, by adding sections 16.704 and 16.29-7.6, to mandate payments to City employees to offset federal income taxation on health insurance premiums for their same-sex spouses or same-sex domestic partners, and to exclude such payments from the computation of compensation under the San Francisco Employees' Retirement System.

Existing Law

Under federal law, health insurance premiums paid by employees with opposite-sex spouses are not taxed. In contrast, health insurance premiums paid by employees with same-sex spouses, or same-sex domestic partners, must be paid with after-tax dollars. Moreover, the City is required to report, as imputed income on the employee's annual W-2 (Wage and Tax Statement) form, the amount of money the City, as an employer, spends on health insurance premiums attributable to an employee's same-sex spouse or same-sex domestic partner.

Amendments to Current Law

This Ordinance amends the San Francisco Administrative Code to require the City to pay its employees with same-sex spouses, or same-sex domestic partners, twenty percent (20%) of their health insurance premiums attributable to their same-sex spouses or same-sex domestic partners. This Ordinance also amends the Administrative Code to ensure that these payments are excluded from the computation of compensation under the San Francisco Employees' Retirement System. Citizen commissioners are not City employee HSS members subject to this Ordinance, nor are officers of legally separate agencies such as the San Francisco Unified School District or the San Francisco Community College District, but salaried City officers (department heads and elected officials of the City and County of San Francisco) are City employees covered by this Ordinance.

Background Information

This Ordinance is intended to reduce the discriminatory impact federal tax law imposes on the health insurance premiums of City employees with same-sex spouses, or same-sex domestic partners, by requiring payments to City employees with same-sex spouses, or same-sex domestic partners, to make up for this discriminatory tax burden. This Ordinance also ensures that these payments will not be considered compensation under the San Francisco Employee's Retirement System.

AMENDED IN COMMITTEE

2/26/13

FILE NO. 121124

The Ordinance was amended by the Budget and Finance Committee on February 6, 2013. This amended Legislative Digest clarifies that salaried City officers (but not unpaid commissioners) are employee HSS members covered by the Ordinance.