

TO: ALL COUNTY PERSONNEL
FROM: VERDENIA C. BAKER
COUNTY ADMINISTRATOR
PREPARED BY: RISK MANAGEMENT DEPARTMENT
SUBJECT: DOMESTIC PARTNER TAX EQUITY
POLICY PPM#: CW-P-082

ISSUE DATE

November 7, 2016

EFFECTIVE DATE

November 7, 2016

PURPOSE:

To create a compensation structure which will fund a tax equity policy for County employees with eligible domestic partners enrolled in the County's sponsored health insurance plans.

UPDATES:

Future updates to this PPM are the responsibility of the Director of Risk Management.

AUTHORITY:

- Palm Beach County Code, Chapter 2, Article I, Section 2-6, as may be amended;
- PPM# CW-P-023, as may be amended.

DEFINITIONS:

- I. **Declaration of Domestic Partnership:** a sworn declaration under penalty of perjury, which certifies that signing individuals meet the requirements of a Registered Domestic Partnership as provided in the above-referenced County Code.
2. **Declaration of Termination:** Either Registered Domestic Partner may terminate a Registered Domestic Partnership by recording a Declaration of Termination with the Clerk and Comptroller within the provisions of Palm Beach County Code, Chapter 2, Article 1, Section 2-6.

3. **Domestic Partner:** Two adults over the age of 18 who are parties to a valid domestic relationship and who meet the requisites for a valid Domestic Partnership relationship as established pursuant to Palm Beach County Code, Chapter 2, Article I, Section 2-6.
4. **Dependent:** a person or persons who resides within the household of a Registered Domestic Partnership and is a biological, adopted or foster child of a Registered Domestic Partner, or a dependent as defined under IRS regulations, or a ward of a Registered Domestic Partnership as determined in a guardianship or other legal proceeding.
5. **Eligibility Documentation:** A copy of a Declaration of Domestic Partnership filed with the Palm Beach County Clerk and Comptroller, shall be required as proof of eligibility for employees with domestic partners residing in Palm Beach County. Employees residing in counties that do not have a Domestic Partnership registry shall present the same documentation as required by Palm Beach County Code, Chapter 2, Article I, Section 2-6 (d)(3), and sign an Affidavit that will be kept on file with Risk Management.
6. **Gross Up:** a salary calculation that attempts to make employees whole for additional taxes owed on the value of health insurance benefits, thereby ensuring that employees receive a true dollar amount that is the same as married co-workers who enjoy tax-favored benefits.
7. **Registered Domestic Partnership:** a committed relationship between two persons who consider themselves to be a member of each other's immediate family and have registered their partnership in accordance with Palm Beach County Code, Chapter 2, Article I, Section 2-6 (d).

POLICY:

In 2006, the Board of County Commissioners (BCC) granted eligibility status for the domestic partners of County employees for enrollment into the County's group health plans if eligibility criteria established by Palm Beach County Code were met. The Board contributes to the cost of an employee's eligible domestic partner at the same level as its contribution to an eligible married spouse enrolled in the health plans. The Board's contribution for a married spouse (including same-sex couples legally married in any state permitting such marriage) is not taxable to the employee. The Board's contribution for a non-married domestic partner, however, is considered taxable compensation by the Internal Revenue Service (IRS), and an employee with a covered domestic partner must pay imputed income (additional taxes) on the value of the Board's contribution to the domestic partner's coverage.

County will pursue any and all other remedies available under law. The employee may also be subject to disciplinary action, up to and including termination.

Any person who knowingly presents a false or fraudulent claim for payment of a benefit is guilty of a crime and may be subject to fines and confinement in prison. Coverage may be retroactively terminated (rescinded) if it is determined that a covered individual has performed an act or practice that constitutes fraud or makes an intentional misrepresentation of material fact as prohibited by the terms of the applicable group insurance plan or benefit. Prior notice to the enrollee will be issued should coverage be rescinded.


VERDENIA C. BAKER
COUNTY ADMINISTRATOR

Supersession History

PPM#CW-P-082, issued 10/1/2013

Pursuant to the direction of the Board at their regularly scheduled meeting on 9/24/2013, employees who enroll their eligible domestic partners in the County's sponsored group health insurance plans and are subject to additional imputed income tax shall have their salaries grossed-up to a level where the additional tax burden is offset to the closest amount that is administratively possible.

This policy may be reviewed and revoked at any time deemed appropriate by the Board as state law defining marriage evolves.

PROCEDURE:

I. General Procedures

- A. The tax equity policy shall take effect on 9/24/2013 and may be revoked by the Board at any time. No retro-active tax equity payments shall be made to employees with enrolled domestic partners on the County's health plans prior to the effective date of this policy.
- B. Domestic partners shall be enrolled into the County's group insurance plans upon receipt of acceptable eligibility documentation provided to the Group Insurance section of the County's Risk Management Department.
- C. Risk Management staff will send a request for tax equity in a secure, HIPAA compliant manner, to the Payroll Department contact.
- D. Payroll staff shall create additional earnings codes as needed to ensure the employee's salary will be grossed up to offset the applicable tax.
- E. The tax equity benefit will be based on the base salary of the employee. Overtime and other non-base salary pay will not be included in the tax equity calculation.
- F. The participating employee's salary will be grossed-up to offset the tax burden as closely as possible. The Board cannot completely equalize the employee compensation. Employees will be taxed on the gross up, and it will be added to the Employee's W2 form.
- G. Termination of the domestic partnership shall deem the employee ineligible for the tax equity pay. In the event of a termination of domestic partnership, the Declaration of Termination must be provided to the Group Insurance Section of Risk management within 30 days.
- H. If it is determined that employees have covered ineligible dependents, the County reserves the right to require the return of all County-paid premiums, any associated claims costs paid on behalf of the ineligible dependent, and the