

THE CALIFORNIA STATE UNIVERSITY
Office of the Chancellor
401 Golden Shore
Long Beach, California 90802-4210
(562) 951-4411

Date: January 28, 2002

Code: TECHNICAL LETTER
HR/Benefits 2002-03

To: Human Resources Directors
Benefit Officers

Reference: HR 2000-01 & Sup. 1 & 2
Supersedes: HR/Benefits 2001-08

From: Cathy Robinson 
Senior Director
Human Resources Administration

Subject: Domestic Partner Benefits Update

Assembly Bill No. 25 (AB 25) amended sections of various California codes relating to domestic partners and was signed by Governor Davis (Stats. 2001, Ch. 893) with an effective date of January 1, 2002. The law modifies the definition of domestic partner and extends certain protections currently in place for spouses to domestic partners who are registered through the filing of a Declaration of Domestic Partnership with the California Secretary of State. As a result, eligibility criteria and procedure modifications are necessary in order to administer domestic partnership benefits for registered domestic partners of CSU employees.

Definition of Domestic Partner and Enrollment in Benefit Plans

AB 25 amended the definition of domestic partner in the California Family Code to include opposite-sex couples if *one or both* partners are over age 62 and one or both partners meet the specified eligibility criteria under the Social Security Act. Previously, the law required both partners to be over age 62. As a reminder, individuals do not have to be receiving a Social Security benefit in order to be eligible for domestic partner benefits.

Under this expanded definition, eligible employees may add domestic partners and their children to their health, dental, and vision plans. Employees are required to complete the appropriate financial liability statements when adding domestic partners to their plans. These documents are provided in HR 2000-01. Please note: Employees adding a domestic partner and/or children are not allowed

Distribution: All without Attachment

Chancellor
CSU Presidents
Vice Chancellor, Human Resources
Vice Presidents, Administration
AVPs/Deans of Faculty
Payroll Managers
Director, SOSS

to change benefit plans at this time. Changes will be allowed during the normal Open Enrollment in September 2002.

AB 25 made no change to the definition of same-sex domestic partnerships between persons who are both at least 18 years of age.

Change in Taxation of Domestic Partner Benefits

Effective January 1, 2002, the state will no longer tax the employee for the imputed value of domestic partner health-related benefits (health, dental, and vision) as long as the domestic partnership is registered with the California Secretary of State. Federal law remains unchanged and domestic partnership benefits continue to be taxed unless the employee claims the domestic partner as a dependent for federal income tax purposes and completes a CSU Domestic Partner Tax Dependent Certification form.

New Domestic Partner Dependent Enrollment Process

As the result of changes implemented by AB 25 and a review of CSU administrative procedures, CSU is pleased to inform you that we have modified the administrative procedures required to determine imputed tax liability for employees who enroll their domestic partners in benefit programs. Effective immediately, an employee may file the new Domestic Partner Dependent Certification form (Attachment A) to either 1) designate his/her domestic partner as a dependent for federal income tax purposes or 2) remove the domestic partner as a dependent for federal income tax purposes. This January 2002 form replaces all other Domestic Partner Certification forms. The new Domestic Partner Dependent Certification form requires the employee to certify, under penalty of perjury, the information he/she provides on the form. As a result, the CSU no longer requires the employee to provide relevant tax documentation in support of the domestic partner's dependent status to the Benefit Officer for review. Furthermore, the requirement for the employee to file a Domestic Partner Dependent Certification form every tax year is rescinded. A domestic partner is considered a dependent until the employee files a Domestic Partner Dependent Certification form removing the domestic partner as his/her dependent.

Attached is a draft letter (Attachment B) you may wish to send to your employees with domestic partners outlining both the change in state taxation of domestic partnership benefits and the revised administrative procedures.

Other Related Issues

HR 2002-01 extended the dependent fee waiver benefit to domestic partners of eligible management and confidential employees. AB 25 did not change the way taxes are computed for an eligible employee who transfers his/her dependent fee waiver benefit to a domestic partner. Please refer to HR/Benefits 2002-02 for information on the taxation of the dependent fee waiver benefit for a domestic partner.

If you have any questions, please contact Pamela Chapin in Human Resources Administration at (562) 951-4414 or by email at pchapin@calstate.edu. This technical letter is available on Human Resources Administration's web page at: <http://www.calstate.edu/HRAdm/memos.shtml>.

**TECHNICAL LETTER
HR/Benefits 2002-03
Attachment A**

**The California State University
Domestic Partner Dependent Certification Form**

This form is to be used by a CSU employee to determine his/her imputed tax liability status for domestic partnership (DP) health-related benefits. (Currently only health and dental benefits are subject to DP imputed tax liability.) Please check the appropriate statement and complete the employee portion of the form.

____ This is to certify, under the penalty of perjury, that effective with tax year _____, I, _____, am claiming my domestic partner, _____, as my dependent for the purposes of my federal income taxes. I understand that should I no longer declare my domestic partner as a dependent for tax purposes, that I will immediately notify my benefits/payroll department. In addition, if I fail to make this notification, I may be held liable for any taxes due based on when the dependency ended. By signing this document, I agree, upon request, to provide the CSU or the State Controller's Office access to my tax records, domestic partner filing documents, and/or any other supporting documentation as needed to verify dependency for federal income tax purposes.

____ This is to certify, under the penalty of perjury, that effective with tax year _____, I, _____, am no longer claiming my domestic partner, _____, as my dependent for the purposes of my federal income taxes. I understand that by rescinding this certification, the domestic partner benefits will be taxed as imputed income for federal income tax purposes.

Employee Signature

Employee SNN

Campus

Date Signed

Office Use Only

Telephone Number

Campus Representative Signature

Date

Mail this form to:

State Controller's Office
Attention: Mr. Tom Parker
PPSD-PMAB – 10th Floor
300 Capitol Mall – P.O. Box 942850
Sacramento, CA 94250-5878

cc: Employee
Human Resources/Payroll

Privacy Statement

The Information Practices Act of 1977 (Civil Code Section 1798.17) and the Federal Privacy Act (Public Law 93-579) require that this notice be provided when collecting personal information from individuals.

Information requested on this form is used by CSU and the State Controller's Office for the purposes of payroll and deductions and to properly identify you for the purposes of income tax exemption. It is mandatory to furnish all information requested on this form. Failure to provide the mandatory information will result in the form not being processed which may impact your tax withholding.

The State Controller's Office requires employee's social security number and name for identification purposes. Legal references authorizing maintenance of this information include Government Code Sections 1151 and 1153, Sections 6011 and 6051 of the Internal Revenue Code, and Regulation 4, Section 404.1256, Code of Federal Regulations, under Section 218, Title II of the Social Security Act.

Copies of the Domestic Partner Dependent Certification form are maintained in confidential files of the State Controller's Office for five years. Employees have the right of access to copies of this form upon request. The official responsible for the maintenance of the forms is: Chief of Personnel/Payroll Services Division, State Controller's Office, P.O. Box 942850, Sacramento, CA 94250-5878.

**Technical Letter
HR/Benefits 2002-03
Attachment B**

Date

Address

Dear _____:

The purpose of this letter is to notify you of recent state legislation that impacts domestic partnerships and to advise you of changes to CSU administrative procedures employees must follow in order to determine imputed tax liability for employees who enroll their domestic partners in health-related (health, dental, and vision) benefit programs.

Assembly Bill (AB) 25 amended sections of various California codes and was effective January 1, 2002. The law modified the definition of domestic partner and extended certain protections currently in place for spouses to domestic partners who are registered through the filing of a Declaration of Domestic Partnership with the California Secretary of State. Under AB 25, the state will no longer tax the employee for the imputed value of domestic partner health-related benefits as long as the domestic partnership is registered with the California Secretary of State. Federal law remains unchanged and domestic partner benefits continue to be taxed at the federal level unless the employee claims the employee as a dependent for tax purposes. A reduction in your state tax should be reflected in your January pay warrant.

The CSU administrative procedures have been revised. We are pleased to inform you that once an employee designates his/her domestic partner as a dependent for income tax purposes, subsequent certification in a new calendar year is no longer required. Please be aware that the Domestic Partner Dependent Certification form has been revised to allow an employee to either designate a domestic partner as a dependent or to remove the domestic partner as a dependent for federal income tax purposes.

We hope you find this information helpful. If you have any questions, please contact _____ at _____.

Sincerely,