

REVENUE: No revenue statement

FISCAL: No fiscal impact

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Action: Do Pass with Amendments to the A-Eng. Measure (Printed B-Eng.)

Vote: 5 - 0 - 0

Yeas: Bonamici, Boquist, Dingfelder, Whitsett, Prozanski

Nays: 0

Exc.: 0

Prepared By: Lisa Nuss, Counsel

Meeting Dates: 5/19, 5/27

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**WHAT THE MEASURE DOES:** Amends Oregon's domestic partnership laws: Clarifies that prohibition against having a partner or spouse living at the time of establishing domestic partnership doesn't apply if domestic partners are registered in another state and also seek to register in Oregon; creates mechanism for domestic partners to change surnames in manner comparable to that provided for married partners; allows taxpayers to subtract from their federal taxable income any health insurance benefits paid by employer for taxpayer's domestic partner, for the 2008 tax year, where eligible.

**ISSUES DISCUSSED:**

- The surname change is a fix to the 2007 original law
- Section 6 provides a bridge for taxpayers already taking the deduction to continue taking it for the full 2008 tax year if they registered as domestic partners at any time during 2008 (the special deduction was eliminated in February 2008 after the domestic partnership laws became effective)

**EFFECT OF COMMITTEE AMENDMENT:** Removes the emergency clause and makes the bill effective 91 days after sine die.

**BACKGROUND:** The Legislature enacted Oregon's domestic partnership law in 2007 (Chapter 99, Oregon Laws 2007). Sections 1-4 make further corrections to the workings of the law.

Section 6 arises from a tax practice established after a 1998 Oregon Court of Appeals decision finding that OHSU's denial of health and life insurance benefits to domestic partners violated the Oregon Constitution (*Tanner v. OHSU*, 157 Or. App. 502, 971 P.2d 435). After that decision, the Department of Revenue by rule provided parity in deductions by allowing domestic partners to take the same deductions as married partners. Since Oregon law began allowing domestic partner registration in February 2008, the Department of Revenue began requiring registration to qualify for that deduction. This section creates a bridge for partners who previously used the tax deduction, and who registered at any point in 2008, to apply the benefit for the entire year. This parallels a common practice in other parts of the tax code in that if you get married by December 31 you are treated as if you were married for the full tax year.

The emergency clause was removed because of the sections added to allow the tax deductions. Article IX, Section 1a of the Oregon Constitution prohibits the Legislature from declaring an emergency on acts regulating taxation.