

PRESIDENT'S ADVISORY
PANEL
ON FEDERAL TAX REFORM

2005 MAR 28 P 3 440. Box 502
Greer, SC 29652
March 15, 2005

The President's Advisory Panel on Federal Tax Reform
1440 New York Avenue NW Suite 2100
Washington, DC 20220

Re: Tax Equality for Same-Sex Couples

Dear Advisory Panel Members:

We are writing to ask that you recommend to the President tax reforms which will equitably treat all American citizens, including those in same-sex relationships.

The two of us today celebrate our twenty-first anniversary. We are a stable family. We have already remained together far longer than many "traditional" couples, and we have vowed that only death will dissolve our relationship. It is sad that we had to travel to Canada to exchange our vows, yet we both agree the journey was imperative.

Day in and day out we see that there are far more similarities than differences between us and the mixed-sex couples around us who, like us, live, work, hope, dream, and contribute to the community we all share. We also notice that as the "Beaver Cleaver" family disappears, our society has embraced the many non-traditional families among us, with the single exception of the same-sex family.

America dares to chastise other nations for the inequitable treatment of their citizens. Before scolding others, should America not set the example by extending to all of her own citizens the full and equal protection of her own laws? Should we not practice what we preach? Although a segment of American society opposes the idea, recent polls indicate that segment, though vociferous, is still a minority. A far wider segment, perhaps even a majority, favors equitable treatment for same-sex couples. Can we fail to note here the parallel to the wider civil rights struggle as it has unfolded in recent years? A vociferous minority opposed the extension of basic rights to certain of our citizens, first on the basis of race and then on the basis of gender. Today virtually all of us accept the elimination of racial and gender bias as simply the way things should have been all along.

We are enclosing a brief (though not exhaustive) summary, prepared by the Human Rights Campaign, of inequities suffered by same-sex couples under current tax and Social Security law. The summary documents how, at point after point, same-sex couples pay the same as their

mixed-sex counterparts while receiving far less--in many cases nothing. We submit that these inequities are intolerable in a nation which proclaims that we are all created equal and which promises each of us the equal protection of our laws. We therefore respectfully request that you strongly recommend the elimination of these inequities.

Thank you.

Sincerely,


Gerald Condon


Fred Tallman

Adverse Tax Consequences for Same-Sex Couples

1. Health Insurance for Partners - A Taxing Proposition: Employees pay income and payroll tax on the health insurance premiums their employers provide for domestic partners who do not otherwise qualify as dependents. Benefits for different-sex spouses are not subject to this tax.
2. Flexible Spending Accounts Not So Flexible: Employees can use flexible spending accounts to pay for a different-sex spouse's medical expenses, including eyeglasses, prescriptions, and co-pays, on a pre-tax basis. These accounts cannot be used for a same-sex partner, or even a same-sex spouse.
3. Retirement Savings - Death and Taxes: Tax treatment of retirement savings, such as those found in 401(k) plans, privileges spouses and penalizes same-sex couples. This means that on the death of a partner, the surviving partner is left not only with the same emotional loss that a different-sex spouse experiences, but also with an unfair tax bill. This is problem is made even more acute by the fact that same-sex couples are denied survivors' benefits under Social Security, even though they pay the same payroll taxes as heterosexual workers.
4. Estate and Gift Taxes - Strangers Under the Law: Different-sex spouses get a complete exemption from estate and gift taxes. But same-sex partners, even ones who are married in Massachusetts or parties to civil unions in Vermont, are treated as strangers under the tax code. So when a partner dies, their estate is subject to taxation.

Social Security - Adverse Consequences for Same-Sex Couples

1. Equal Contribution, Unequal Benefits: All GLBT people pay into Social Security on an equal basis with their heterosexual counterparts, but are not eligible for equal benefits.
2. No Survivors' Benefits: Same-sex partners do not receive survivors' benefits when a partner dies, even though they pay for them equally.

3. No Disability Benefits: Same-sex partners are not eligible for spouse's benefits when a partner becomes disabled, even though they pay equally into the program.
4. Children Are Left Unprotected: Sixty percent of children being raised by same-sex couples live in a jurisdiction where second-parent adoption is unavailable, meaning that these children cannot secure a recognized legal relationship with one of their parents. When a parent dies without such a legal relationship, the surviving child is not eligible for surviving child benefits under Social Security, even though the deceased parent paid into the program, and even if the parent supported the child for her whole life.
5. Even When a Child is Legally Adopted by Same-Sex Partner, Benefits are STILL Unavailable: Social Security provides "surviving parent" benefits to the parent caring for a minor child when the other parent dies. But all children raised by same-sex couples are excluded from this benefit, even though their parents pay equally into Social Security, because it is only given to couples who are recognized as "spouses" under federal law, which same-sex couples are not. Even though the benefit is for children and not spouses, children being raised by GLBT people are denied it because their parents cannot marry.