



Brookings Institution, President Bush exaggerated when he claimed that all taxpayers would see relief in the tax reform bill he signed into law this year. Millions of single people did not see their taxes reduced by one penny!

The Times said "the taxpayers who get nothing from the tax law are primarily low-income single people who do not have children and lack income from dividends or capital gains."

A bi-partisan effort by Rep. Jim McDermott (D-WA) and Sen. Gordon Smith (R-OR) would remove a different type of marital status penalty from the tax code. Their bills would make health benefits given by employers to adult household members of employees non-taxable, just as spousal benefits are tax-exempt. HR 935 and its Senate counterpart would help single parents who get health benefits for an adult child. They would also help domestic partners.

Artificial restrictions on the "head of household" filing status are also a problem. An unmarried taxpayer may file as "head of household" and substantially lower his or her taxes, so long as the taxpayer has a "qualifying dependent" living in his or her household. But federal tax law says that if the dependent is not related by blood, marriage, or adoption, then he or she is excluded from being considered a "qualifying dependent."

Maya MacGuineas, a fellow at the New America Foundation, a Washington-based think tank, proposed a solution which would appear to satisfy those calling for "marital status neutrality" in the tax codes. Under her proposal, one which she says is used by most developed countries, is "simply to tax individuals rather than couples."

"In such a system, individuals earning the same incomes would pay the same in taxes, and their liabilities would remain unchanged by marriage." ("A simple solution to marriage bonuses and penalties," *San Francisco Chronicle*, Aug. 31, 2000)

In the meantime, John O. Fox, tax attorney and author of "If Americans Really Understood the Income Tax" says:

"Single people had better start paying attention. The lawmakers' obsession with eliminating the so-called marriage penalty -- could it be because married people tend to vote more often? -- is unaccompanied by any outrage over the singles' penalty -- the obligation of millions of single people to pay income taxes on an appallingly low level of income."

Unmarried federal workers don't get equal pay for equal work when benefits are considered

John and Mary and Bill are hypothetical federal employees. They do the same job, are in the same pay scale, have the same seniority, and perform their jobs at adjacent desks.

Mary and Bill are resentful of the fact that John is receiving thousands of dollars per year more in compensation simply because he is married -- and it's his third marriage at that.

With money supplied by taxpayers (married and unmarried alike) John is able to obtain tax-free benefits for his wife Joan. The lion's share of these benefits are paid for by his employer as part of his overall compensation.

But Mary is not allowed to put her adult son Fred on her health, dental, and vision plan, because Fred is not considered an eligible family dependent. Only spouses (regardless of their income or need) and minor children are eligible. Mary feels that if John can get benefits for his wife Joan, then she should be allowed the same benefits for her son Fred, who lives with her but works at a low-wage job without benefits.

Bill is also upset that he cannot add his domestic partner to the benefits plan. They have lived together as primary family partners for 15 years, and both are in their first relationship. He wonders why his first long-term relationship is excluded while John's third-time relationship is recognized and valued.

The Domestic Partners Benefits and Obligations Act (HR 638) would remedy part of this inequity by giving benefits to Bill for his domestic partner. But, unlike the current program for local government workers in the District of Columbia which allows benefits for an adult blood relatives, HR 638 excludes blood relatives from its scope and protection.

The District of Columbia's model of inclusion, which gained bi-partisan support in Congress and was approved by President Bush two years ago, would be a better and more equitable approach to much needed benefit reforms for federal workers.

New Leadership for the New Majority



"Unmarried Americans are becoming a new majority in the new millennium. We deserve equal rights, equal pay, and fair treatment by society. When will elected officials and corporate executives realize that when it comes to marital status, there is no 'them versus us' anymore? We are your relatives, friends, neighbors, and coworkers. And since most Americans will be unmarried for most of our adult lives, 'we are you.' It's time to apply the 'golden rule' to political decisions and corporate policies."

-- Thomas F. Coleman
Executive Director
Unmarried America

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