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Oregon's own Christmas Grinch takes swipe at youth health benefits

SALEM, OR – Due to the recently enacted Affordable Care Act, millions of Americans under 27 years of age can now receive tax free health care coverage through their parent's health plans. That is unless they live in Oregon, where thanks to the 2009 Legislature's disconnect from the federal tax code, such health benefits will be subject to state taxes.

“Oregon has its very own Grinch, dedicated to stealing from the youngest Whos in order to feed his massive addiction to spending,” said Senate Republican Leader Ted Ferrioli (R-John Day). “We warned Democrats last session that disconnecting from the federal tax code would have far-reaching and negative repercussions. Things just got a little tougher for Oregon families trying to make ends meet and stay insured.”

As a result of changes made by the recently enacted Affordable Care Act, health coverage provided for an employee's child under 27 years of age is now generally tax-free to the employee for federal purposes. Previous law allowed such treatment for dependents under 19 years of age, or under 24 if the dependent was a student.

However, by passing House Bill 2157 in 2009, Democrats in the Oregon Legislature decided not to follow these changes. The bill squeezed another \$96 million out of Oregon families and small businesses by robbing them of the Bush-era tax credits that would normally apply to state taxes. One result of the bill is that any expanded coverage provided for adult children under the Affordable Care Act is taxable state income to the employee receiving the benefit. Oregonians will see less money in their paychecks and an increase in the amount owed to the State of Oregon at the end of the tax year. Simply stated, health insurance for people under the age of 27 just became more costly.

“Health insurance is expensive enough without the state taxing it,” said Ferrioli. “We should be encouraging and supporting Oregonians who want to extend health care coverage to their uninsured kids. Republicans will fight this session to reconnect to the federal tax code and remedy this problem. Hopefully Democrats can fend off their spending cravings for long enough to set this wrong right.”

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