



# MARIPOSA COUNTY

Administration • 966-3222



## **RESOLUTION - ACTION REQUESTED 2019-641**

MEETING: November 12, 2019  
TO: The Board of Supervisors  
FROM: Dallin Kimble, County Administrative Officer  
RE: Letter of Support for S. 684

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### **RECOMMENDATION AND JUSTIFICATION:**

Approve a Letter of Support for Senate Legislation S. 684, Which Would Repeal a Tax Increase on Health Benefits Scheduled to Take Effect in 2021-2022; and Authorize the Board of Supervisors Chair to Sign the Letter.

Senate legislation S. 684-- the Middle-Class Health Benefits Tax Repeal Act of 2019-- would repeal to so-called "Cadillac Tax," a forty percent (40%) tax on employer-provided healthcare scheduled to take effect by 2022.

The Cadillac Tax was intended to tax Americans with "gold-plated" plans and their insurers to support initiatives of the Affordable Care Act. Unfortunately, the tax does not distinguish between "gold-plated" plans and individuals with significant medical expenses including seniors, women, the disabled, individuals who are sick and residents of rural communities. The Cadillac Tax also does not consider potential differences between private and public plans, nor the effects of plans established through negotiation with labor organizations.

While Mariposa County has supported and benefited from many aspects of the Affordable Care Act, the Cadillac Tax is an unfair burden on groups least able to pay the tax and an unfunded mandate for local government employers who would be expected to increase wages or benefits to offset the impacts of this tax. The U.S. House of Representatives passed a full repeal (H.R. 748) in July. Staff joins the National Association of Counties (NACo) and Government Finance Officers Association (GFOA) in recommending support for a full repeal of the Cadillac Tax.

### **BACKGROUND AND HISTORY OF BOARD ACTIONS:**

The Board has routinely ratify letters of support for issues that they believe will benefit the citizens of Mariposa County.

### **ALTERNATIVES AND CONSEQUENCES OF NEGATIVE ACTION:**

If the Board does not approve the letter, it will be not be submitted. Individual Board members may write their own letters of support at that time, which may not carry the

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same weight as a letter from the entire Board.

**ATTACHMENTS:**

**Letter of Support 11-12-19 (PDF)**

**RESULT: ADOPTED [UNANIMOUS]**

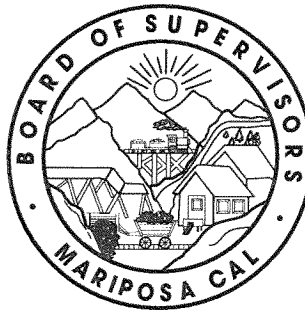
**MOVER:** Marshall Long, District III Supervisor

**SECONDER:** Merlin Jones, District II Supervisor

**AYES:** Smallcombe, Jones, Long, Cann, Menetrey

# Mariposa County Board of Supervisors

District 1 ... ROSEMARIE SMALLCOMBE  
District 2 ..... MERLIN JONES  
District 3 ..... MARSHALL LONG  
District 4 ..... KEVIN CANN  
District 5 ..... MILES MENETREY



DALLIN KIMBLE  
County Administrative Officer

RENÉ LAROCHE  
Clerk of the Board

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November 12, 2019

Majority Leader McConnell  
317 Russell Senate Office Building  
Washington, DC 20510

Minority Leader Schumer  
322 Hart Senate Office Building  
Washington, D.C. 20510

Dear Majority Leader McConnell and Minority Leader Schumer,

On behalf of the Mariposa County Board of Supervisors, I urge you to take immediate action to swiftly, and fully, repeal the impending forty percent (40%) tax on employer-provided health care. Senate legislation—S. 684, the Middle-Class Health Benefits Tax Repeal Act of 2019—would repeal the so-called “Cadillac Tax”, an onerous tax increase that will be another big hit to local governments and the pocketbooks of hardworking Americans. The tax is scheduled to take effect in 2021 or 2022, depending on individual health plans.

In July, the House passed its version of the legislation (H.R. 748) fully repealing the Cadillac Tax by an overwhelming vote of 419 to 6. That bill is currently awaiting action in the Senate.

The Cadillac Tax was proposed with faulty assumptions. It was intended to only hit Americans with “gold-plated” plans and their insurers. It assumes that health care costs are similar nationwide and that employers can and will simultaneously decrease benefits and increase wages. It also does not consider, or does not sufficiently address, the difference in private and public sector wage and benefit packages.

The reality is that very modest plans covering low- and moderate-income working families are projected to trigger the Cadillac Tax simply because they incur greater health expenses. The result is a disproportionate effect on the health plans of women, seniors, rural communities like Mariposa County, the sick and the disabled. Small businesses that already struggle to provide health care coverage are also heavily penalized under the Cadillac Tax.

Geography is also a significant influence on healthcare costs. According to the Kaiser Family Foundation, taxpayers in Utah spend less than half as much on healthcare as taxpayers in Alaska or Washington D.C. Within California, costs can vary by twenty-five percent (25%) or more between

Northern California and Southern California health plans. Insurers typically require Mariposa County staff to pay Northern California prices based on the location of our county even though the closest medical facilities are often considered Southern California.


Like many other jurisdictions across California and the United States, Mariposa County establishes wages and benefits through collective bargaining agreements with labor groups. This reality makes it extremely difficult to reduce benefits, even if that was a desired outcome, and we cannot afford to offset the impact to employee wages caused by the Cadillac Tax increase.

Finally, it should be understood that restrictions on public sector compensation already limit the ability of cities, towns and counties like ours to compete for a quality workforce. Local governments operate under sometimes severe budget constraints with limited ability to raise revenue and increasing demands from state and federal mandates. Adding an “employer share” of an onerous tax, an inevitability given the elasticity of demand for a shrinking labor pool, is yet another unfunded mandate that the County, and the Board of Supervisors, simply cannot support.

Along with the 419 members of the House that voted to fully repeal this tax, there are 63 bipartisan Senate cosponsors of S. 684, the Middle-Class Health Benefits Tax Repeal Act of 2019. They know that local governments and working families are already stretched too thin.

On behalf of the Mariposa County Board of Supervisors, I ask that you continue to work to make health care affordable and available for families in Mariposa and across America. Repealing the Cadillac Tax is an important step in the right direction.

Sincerely,



Miles Menetrey  
Board of Supervisors Chair