

AMERICAN PAYROLL ASSOCIATION

June 29, 2020

The Honorable Mitch McConnell
Office of the Majority Leader
U.S. Capitol
Washington, DC 20510

The Honorable Nancy Pelosi
Office of the Speaker
U.S. Capitol
Washington, DC 20515

The Honorable Charles E. Schumer
Office of the Democratic Leader
U.S. Capitol
Washington, DC 20510

The Honorable Kevin McCarthy
Office of the Republican Leader
U.S. Capitol
Washington, DC 20515

Dear Senators McConnell and Schumer, Representatives Pelosi and McCarthy:

The American Payroll Association (APA) supports Senate Bill 3995, the Remote and Mobile Worker Relief Act of 2020. We urge you also to support this bill and see it pass in both the Senate and House of Representatives. Due to the novel coronavirus pandemic (COVID-19), the need for this legislation has never been more urgent, for both workers and their employers.

Federal Action Is Necessary to Address Interstate Tax Issues

States have diverse rules that require employers to withhold income taxes and report employees, generally based on where work is performed. In the case of temporary assignments, special rules and thresholds apply, often based on the number of days that a worker is present in the state (e.g., 14, 15, or 30 days) and/or an earnings threshold.

The COVID-19 health crisis poses two critical issues for employers and employees related to state income taxation. First, as a primary example, workers in the healthcare industry are crossing state lines to provide emergency services in life-and-death situations. S. 3995 would spare such heroic acts from surprise tax bills by providing a 90-day safe harbor, during which state income taxes would continue to be paid to the employee's primary place of employment.

Second, S. 3995 provides for employees who may be unable to travel to their normal workplace in another state. Most states have ordered employees in many industries to work from home. To the extent that employees normally commuted across state lines, these temporary travel restrictions could trigger legal requirements to change the tax withholding settings for affected employees in payroll systems. The forecast for the duration of this health crisis is unclear, but work-from-home orders seem likely to persist beyond the threshold days/amounts that would normally require employer recognition and changes to withholding. The standard 30-day safe harbor provided by S. 3995 will provide significant relief to both employees and their employers on a regular basis, while the extended safe harbor will provide a much-needed cushion during this emergency.

APA urges you to enact this legislation to reduce the burden and cost of administering multistate taxes on workers and businesses while providing needed relief for emergency workers who travel across state lines for work and those who are currently prevented from traveling across state lines for work. The Remote and Mobile Worker Relief Act of 2020 will ensure fair and consistent handling of multistate taxation across the nation for the benefit of all Americans.

About APA

APA is a nonprofit professional association of over 20,000 payroll professionals in the United States. Our membership also includes representatives of large, medium, and small payroll service providers who are responsible for processing payroll for an additional 1.5 million employers. In total, APA represents those professionals responsible for paying an aggregate total of one-third of the private sector workforce. APA's primary mission is to educate its members and the payroll industry regarding best practices associated with paying America's workers while complying with applicable federal, state, and local laws. Payroll professionals are the people responsible for the administrative task of properly withholding and remitting state and federal taxes. Simply put, no one is more familiar with the responsibility and difficulty relating to withholding nonresident state taxes from employees' pay.

Sincerely,



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cc: Sens. John Thune, Sherrod Brown