



American Payroll Association

Government Relations • Washington, DC

December 4, 2015

The Honorable Bob Goodlatte
Chairman, U.S. House Judiciary Committee
U.S. House of Representatives
2309 Rayburn House Office Building
Washington, D.C. 20515

Re: H.R. 2315, the Mobile Workforce State Income Tax Simplification Act of 2015

Dear Chairman Goodlatte:

On June 2, 2015, a hearing was held before the U.S. House Judiciary Subcommittee on Regulatory Reform, Commercial and Antitrust Law regarding H.R. 2315, the *Mobile Workforce State Income Tax Simplification Act of 2015*. This legislation is extremely important to payroll professionals and taxpayers. We urge you to release the House Judiciary Committee report for the bill and include the chairman's request to put the bill on the House suspension calendar.

The American Payroll Association (APA) understands that the House Judiciary Committee and its subcommittee have many critical issues to address, but this legislation is about fairness and reduced administrative tax burden that cuts across all demographics from large to small employers, public and private sector, union and nonunion, nonprofit and for-profit, and all others. H.R. 2315 offers a 30-day safe harbor that prevents the exponential administrative tax burden on employers and employees who cross state borders for work.

APA is a nonprofit professional association with more than 20,000 members across the United States. Most of our members process the payroll for their employers, while some members work for payroll service providers who in turn process the payrolls of another 1.5 million employers, equivalent to one-third of the private-sector workforce. Payroll professionals are responsible for the administrative task of properly withholding and remitting state and federal taxes. No one is more familiar with the responsibility and difficulty of withholding nonresident taxes from employees' pay. In addition, APA itself is a small employer with 90 employees in 13 states, some of whom travel throughout the United States to educate payroll professionals.

Our statement to the subcommittee in June emphasized several key problems resolved by H.R. 2315 that also were raised during the hearing by many witnesses. These problems include:

- Inconsistent taxation of individuals who reside in one state, but work in another. This situation is very complicated. Employers must verify the state of residence, check for a reciprocity

agreement between the two states, analyze state and local tax requirements, withhold taxes for both states, and prepare multiple Forms W-2. The situation becomes more complicated if more than one work state is involved.

- Burdens on employers caused by temporary out-of-state work assignments. Determining whether an employer has a nexus in a state for tax purposes is difficult when the employer does not have a physical presence or regularly provides services in a state. Some states require tax withholding for employees that attend a one-day seminar in the state. There is no consistent guidance for employers.
- Nonresident taxation during out-of-work assignments burdens employees. If an employee performs temporary services in another state that has a higher tax rate, that employee will suffer an irretrievable tax increase, especially if the employee's state of residence does not have an income tax. Where an income tax is imposed, an employee is effectively double taxed. An income tax credit is not always allowed in a resident state and the employee may have to file multiple state income tax returns to obtain a refund.

Thank you for your attention to this matter of reducing the tax burden on employees and the administrative withholding burden on employers. Again, we urge you to move forward with this legislation and release the House Judiciary Committee report for the bill and include the chairman's request to put the bill on the House suspension calendar.

Sincerely,

A handwritten signature in blue ink, appearing to read 'W. Dunn', with a long horizontal flourish extending to the right.

William Dunn, CPP
Director, Government Relations