July 2, 2020

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

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

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

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

Dear Leader McConnell, Leader Schumer, Speaker Pelosi, and Leader McCarthy:

The dual challenges of the COVID-19 pandemic and an economic crisis have created significant disruption and uncertainty for American workers. To lighten the burden on individuals and families, the undersigned associations strongly urge that you support legislation addressing state and local tax confusion arising for employees required to work remotely because of COVID-19. Providing this certainty at an otherwise uncertain time is essential. Without Congressional action, employees may receive unexpected and unwelcomed tax surprises when they file their 2020 state and local income tax returns next year – and face penalties and interest charges (and even potential double taxation) through no fault of their own. A federal solution is needed because the states are taking different and conflicting positions on how the income of workers displaced by the pandemic should be taxed. Solving this problem will ensure employees who are working remotely during the pandemic are not penalized for doing so.

Currently, wages earned by an employee generally are subject to tax by the state where they work. However, due to COVID-19, many workers are unable to report to their normal work location and are working in a different state than usual due to local law restrictions, closed schools, family health or other reasons, complicating their state tax reporting obligations.

The solution to this problem is simple: enact federal legislation that reduces uncertainty by allowing an employee’s wages to be treated as being earned at their normal work location. Congress should also protect health care and other workers traveling across state lines to help with the COVID-19 response from surprise or higher tax bills. The Remote and Mobile Worker Relief Act of 2020, S. 3995, recently introduced by Senators John Thune (R-SD) and Sherrod Brown (D-OH), would accomplish these goals. These solutions will maintain the status quo by putting wage earners and their employers in the same tax position they would have been in, but for the pandemic, while providing important certainty to workers who temporarily relocate to provide critical assistance during this pandemic.

We urge the inclusion of these changes in the next COVID-19 legislation. Thank you in advance for your consideration of this matter.

Respectfully,
Business Roundtable
Computer Technology Industry Association (CompTIA)
CTIA
Financial Executives International (FEI)
Information Technology Industry Council (ITI)
Motion Picture Association
National Association of Manufacturers
National Council of Chain Restaurants
National Foreign Trade Council
National Retail Federation
NCTA – The Internet & Television Association
Securities Industry and Financial Markets Association (SIFMA)
Silicon Valley Tax Directors Group
Software Finance and Tax Executives Council
United States Council for International Business
U.S. Chamber of Commerce
USTelecom – The Broadband Association