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Douglas L. Lindholm
President & Executive Director
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June 19, 2017

Via E-Mail

Re: Support for the Mobile Workforce State Income Tax Simplification Act – H.R. 1393

Dear Representative:

Every work day in our country, thousands of Americans travel outside their home state on business trips for temporary periods. Unfortunately, along with this travel comes an often unforeseen tax liability and return filing obligation in the state(s) where the employee ventures. Employers likewise struggle to know where their employees travel and correctly withhold tax. Even if employers and their employees are able to comply, the end result for state finances in most cases is minimal: states grant a credit for taxes paid to another state.

Legislation that would address this issue in a fair manner and ensure compliance by businesses and citizens – **the Mobile Workforce State Income Tax Simplification Act of 2016 (H.R. 1393)** was introduced by Representatives Mike Bishop of Michigan and Hank Johnson of Georgia, and enjoys strong bipartisan support. On behalf of the Council On State Taxation (COST), **I respectfully ask that you vote “yes” for the measure when the vote occurs on the House suspension calendar tomorrow, June 20.**

About COST

COST is a nonprofit trade association based in Washington, DC. COST was formed in 1969 as an advisory committee to the Council of State Chambers of Commerce and today has an independent membership of nearly 600 major corporations engaged in interstate and international business. COST’s objective is to preserve and promote the equitable and nondiscriminatory state and local taxation of multijurisdictional business entities.

A Pressing Problem with a Common-Sense Solution

The problems the Mobile Workforce State Income Tax Simplification Act seeks to address can be simply stated: every business day hundreds of thousands of employees across the country are sent by their employers to work in nonresident states. The vast majority of these trips are temporary in nature, whereby the employee conducts business in the nonresident state for a short period of time and then returns to his or her resident state.

Employees who travel outside of their home state for business purposes are subject to onerous administrative burdens because, in addition to filing federal and resident state income tax returns, they may also be legally required to file an income tax return in

every other state into which they travel, *even if they are there for only one day*. So too, employers are extremely hard pressed to comply with the varying and disparate rules that relate to tax withholding on income earned by their employees while traveling. It is important to note that this tax compliance issue affects all employers: large and small businesses, charities and other non-profits, and even government agencies.

The problems created by these inconsistent state laws are universally acknowledged. There is also general agreement regarding the solution: **create a simple, national threshold protecting employees who travel on temporary assignments to nonresident states**. The Mobile Workforce State Income Tax Simplification Act would provide a workable, national framework for the administration of, and compliance with, the states' withholding and nonresident income tax payment laws. Under this legislation, an employee working in a nonresident state for thirty or fewer days would not pay personal income tax to the nonresident state, but rather would remain fully taxable in their resident state on all earnings. Employers would not be required to withhold taxes in the nonresident state for employees whose travel falls below the thirty day threshold. This uniform rule would greatly ease compliance for all employers and would provide much needed simplification for employees who travel as part of their work.

The mobility of our national workforce is one of our nation's greatest assets, and that flexibility is essential to our continued global competitiveness and ability to create jobs. That flexibility is hindered by the current patchwork of state laws. Employees who travel outside of their home states for temporary work periods, and their employers, will remain subject to today's onerous burdens without Congressional action. Thus, COST respectfully requests that you vote "yes" for H.R. 1393.

Sincerely,



Douglas L. Lindholm

cc: COST Board of Directors