

November 29, 2011

Re: Unions Oppose “Mobile Workforce State Income Tax Simplification Act”, H.R. 1864

Dear Representative:

The undersigned labor unions oppose the “Mobile Workforce State Income Tax Simplification Act”, H.R. 1864, which the House Judiciary Committee marked-up November 17. We oppose H.R. 1864 because it would restrict state government taxing authority and establish a harmful and financially costly precedent of federal preemption over state fiscal decision-making. H.R. 1864 curtails the rights of states to tax income earned within its boundaries and this is a fundamental option and a key revenue source.

H.R. 1864 restricts the ability of states to tax income earned within its boundaries, when the income is earned by a non-resident. Specifically, it would prohibit every state government – starting in the second year after enactment– from taxing the income earned in that state of an individual residing in another state, if that non-resident works less than 30 days in the state seeking to impose the tax.

We oppose H.R. 1864 because it ignores the reality that state tax systems are autonomous and differ from state to state. It would unfairly impose a federal standard on all states, which in all likelihood could eventually be imposed on local governments. While we recognize some are concerned with the current impact of a wide variety of state laws on taxpayers working in multiple states, this could be better addressed through other legislative policy options. Furthermore, we have concerns about some provisions in H.R. 1864 as modified by the managers’ amendment. First, the managers’ amendment contains a 30 day threshold, which is too long. This threshold should be shortened to 14 or fewer days. Second, the manager’s amendment exemption applies to only 3 specific occupations, while ignoring many others. It should be broadened to include a wider range of high income earners and/or a dollar threshold for high incomes. Third, the managers’ amendment contains an inadequate requirement for each employers’ record keeping and time and attendance system. It should be tightened to enable state tax and revenue employees to more easily obtain any information needed to monitor and enforce their legal requirements.

We continue to oppose H.R. 1864.

Sincerely,

American Federation of State, County and Municipal Employees (AFSCME)
American Federation of Teachers (AFT)
Department for Professional Employees, AFL-CIO
International Association of Fire Fighters (IAFF)
International Federation of Professional and Technical Engineers (IFPTE)
National Education Association (NEA)
Service Employees International Union (SEIU)