

COMMITTEE ON WAYS AND MEANS

U.S. HOUSE OF REPRESENTATIVES

WASHINGTON, DC 20515

June 3, 2019

The Honorable Michael J. Desmond
Chief Counsel
Internal Revenue Service
1111 Constitution Avenue, NW
Washington, D.C. 20224

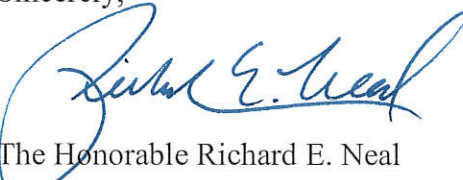
Dear Mr. Desmond:

I write to urge the Department of the Treasury and the Internal Revenue Service to issue clarifying guidance on certain federal tax aspects of recently-adopted family and medical leave laws of several states. Specifically, Massachusetts and Washington State recently adopted family and medical leave laws that are funded through a variable mix of employee and employer payroll taxes. In addition, Washington, DC recently adopted a family and medical leave law. Contributions to these three programs generally begin on **July 1, 2019**. These three programs are in addition to existing state-level family and medical leave laws in several other states.

Expedited guidance for taxpayers subject to these laws is crucial. Millions of taxpayers – both employers and employees – will soon be subject to mandatory contributions with uncertain federal tax consequences. The Massachusetts plan raises particularly novel issues because of the built-in variability in the amount of contributions made by employers and employees, respectively.

My understanding is that there is an ongoing project within your office to provide clarity on these important issues. I urge you to expedite this guidance. As of July 1, millions of taxpayers will begin taking part in legally-mandated transactions with insufficient federal tax guidance. Thank you in advance for your attention to this matter.

Sincerely,



The Honorable Richard E. Neal
Chairman