February 6, 2025

The Honorable John Thune
Majority Leader
United States Senate
Washington, DC 20510

Dear Majority Leader Thune:

Congratulations on your election as Majority Leader of the United States Senate for the 119th Congress. As you guide the policy landscape in Congress this year, we at Worldwide ERC (WERC), the professional association representing over 2,750 enterprises and more than 10,000 individuals in the global talent mobility industry, look forward to working with you to facilitate the efficient movement of talent throughout our country and the world and thereby continue to ensure American competitiveness on the global business landscape. Our membership is comprised of the many HR and operations professionals representing the world's largest corporations on the one hand, and small to mid-sized U.S. businesses on the other, who employ and routinely relocate employees throughout the U.S. and around the world. We also represent the essential service providers who enable the movement of talent including relocation management companies, movers, real estate brokerages, tax and immigration experts, temporary housing providers, destination service providers, and more.

Companies move over 3 million people in the United States each year to facilitate the smooth operations of their businesses and accommodate economic growth and development. This movement impacts workers at all levels and virtually every community across the country. The ability to move workers has a critical impact on a business' ability to succeed in a competitive global business environment, for its workers to develop and thrive, and for ensuring continued American leadership on the global economic landscape.

As you tackle important policy goals this year, such as the expiration of the Tax Cuts and Jobs Act, WERC and its members look forward to working with you and your colleagues to ensure policies foster growth and opportunities for businesses and their workforce. Policies critical to the movement of talent include:

- Reinstatement of the moving tax expense deduction and exclusion.[1]
- Support for an employment-based immigration system which enables businesses to attract, retain, and develop foreign talent with skills that enable their businesses to grow and thrive.
- Support for policies that increase housing inventory and accessibility.

[1] A comment letter on by the American Trucking Association Moving & Storage Conference, International Association of Movers and WERC on the need to reinstate the deduction and exclusion is attached as an addendum.

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More detailed information on specific issues of importance to the industry is attached.

Without the ability to smoothly move talent where needed, businesses cannot maximize their, or their workforce's potential, which is turn has a detrimental impact on American competitiveness. WERC looks forward to supporting you, your colleagues, and the 119th Congress to implement solutions that enable U.S. employers to leverage the movement of their workforce talent to strengthen their operations and promote economic growth and innovation benefitting the Americans nationwide as well as the U.S. economy in an increasingly competitive global landscape.

Sincerely,

Anupam Singhal
President & CEO

<u>WERC Contact for Questions or Additional Information:</u>
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October 15, 2024

The Honorable Jason Smith
Chairman
Committee on Ways and Means
U.S. House of Representatives
Washington, DC 20515

The Honorable Mike Kelly
Chairman
Subcommittee on Tax
U.S. House of Representatives
Washington, DC 20515

RE: Tax Team Comments on Working Families, American Workforce, Supply Chains, and Global Competitiveness

Dear Chairmen Smith and Kelly,

The American Trucking Association Moving and Storage Conference (ATAMSC), International Association of Movers (IAM) and Worldwide Employee Relocation Council (WERC) greatly appreciate the opportunity to submit comments on provisions of the Tax Cuts and Jobs Act of 2017 "TCJA" (Public Law 115-97). **Our organizations strongly support the reinstatement of the moving expenses tax deduction and exclusion as the temporary suspensions of the provisions expire on December 31, 2025.**

The suspension of these deductions since 2017 has had adverse impacts on U.S. employers and the 350,000-plus individuals and their families that move within the United States each year for employment purposes as part of a company's structured talent mobility program. Suspension of the moving expense deduction is in sharp contrast to the broader tax relief provided to the middle-class within the TJCA, resulting in billions of dollars of additional relocation related expenses being borne by middle-class American workers.

Reinstating these important tax deductions and exclusions will restore critical tax relief for middle-class workers and families affected most by the suspension and enable their employers to reduce costs. Additionally, this action would enable employers to significantly lower the cost of relocating talent and more generally leverage the movement of talent to address critical skills gaps impacting their operations and advance the U.S. economy by expanding operations, fostering innovation, promoting economic competitiveness, and preventing labor supply versus labor demand imbalances across our nation.

Importance of Reinstating the Moving Expenses Tax Deduction

The moving expense deduction was first established by Congress in 1964 and received bipartisan support for over 50 years. Prior to its 7-year suspension for all non-military-related moves as part of the Tax Cuts and Jobs Act of 2017, the Congressional Budget Office estimated that the deduction of moving expense payments from income provided approximately $1 billion in tax relief each year to the employees and their families that moved for employment-related purposes annually during that period. This relief was significant to those individuals and businesses involved in a relocation, but a small price to help reduce the costs of attracting workers to relocate for a job in order to enhance efficiencies and innovations for businesses that fuel the U.S. economy and the economies of local communities, along with supporting the professional development of U.S. workers.

As defined within the existing U.S. Tax Code, the deduction is already limited to eligible costs, and subject to stringent tests that limit its use to those employees moving substantial distances for legitimate business reasons. Specifically, it could only be claimed for an individual's move of more than 50 miles for a full-time job.

For over a half century, Congress maintained its support of this deduction because it provides U.S. employers of all sizes the opportunity to attract, retain, and develop critical talent in locations across the country. The movement of talent has long been critical for U.S. companies in addressing critical skills gaps, promoting business innovation and competitiveness, and enabling organizations to develop or expand their U.S. operational locations and deepen their ability to create new jobs and contribute to the economic impacts in local communities across the country.

The deduction and exclusion together make up a vital tax relief tool that makes relocation for work affordable and supports talent mobility - the lynchpin of a strong economy - and bolsters a moving industry that employes nearly half a million individuals and contributes almost $100 billion to the U.S. economy.

The expiration of the temporary suspension of the moving expense tax deduction and exclusion and its reinstatement will again help middle class workers and their families as well as their employers, and the businesses and their employees that help move them.

- **Deduction benefits middle- and working-class employees** –72 percent of U.S. taxpayers who claimed the moving deduction earned $100,000 or less, with 42 percent of all taxpayers claiming it reflecting income of less than $50,000. Only 5 percent of taxpayers claiming the deduction earned over $200,000.
- **Not having access to the deduction since 2017 has adversely affected U.S. workers** – Over the last seven years, the suspension of the moving deduction has resulted in

unintended consequences that have hurt the American workers and their families that must move for employment purposes.

  - **Inflated Taxable Income Levels:** By having to treat moving-related benefits provided by the company as part of an employer-sponsored relocation as taxable income, the moving employee faces a much higher tax burden solely because they are moving for employment purposes. While most companies do provide their relocating employees additional financial support to help offset their potential tax impacts, this still results in individuals reflecting elevated income on their tax returns.
  - **Unintended taxpayer ineligibility for income-related tax relief opportunitie**s, **notably the child tax credit**. The elevated taxable income can result in a U.S. worker becoming ineligible for critical tax relief mechanisms, such as the child tax credit, that they would have otherwise qualified for if the employment-related moving expenses didn't increase the amount and push their taxable income past the point of eligibility.

- **The deduction's suspension has resulted in significant cost increases for U.S. employers to relocate their employees domestically.** The inability of U.S. workers moving for employment purposes to leverage the moving expense deduction has resulted in substantial and significant additional costs to U.S. companies each year. This is due to the additional financial expenses that most employers incur to support their employees with their additional tax burden associated with moving expenses being considered taxable income**.** This burden has been especially acute for small and medium-size employers, who have to divert resources that could be invested in business operations, business expansion, or enhanced support of their employees.
- **Impacts also felt on Non-DOD U.S. Government Agencies**: While U.S. military personnel moving for employment purposes have still had access to the deduction since 2017, this benefit has not been available for non-military personnel being relocated by a U.S. Government agency. The U.S. Government is the single largest employer that moves employees for employment purposes each year, and in 2022 over 26,000 non-DOD individuals across the federal government completed a formal relocation. The impacts of this have been significant for the U.S. Government, with additional costs resulting from the unique requirements of federal relocations resulting in approximately $150 million more in expenses each year.
- **Relocation-related moves directly support over half a million U.S. jobs nationwide:** Various sectors comprise the talent mobility industry, including appraisers, corporate housing providers, moving and storage companies, real estate brokerages, and relocation management companies, among many others, and these industries support over half a million jobs. For instance, a majority of the members of American Trucking Associations' Moving and Storage Conference are small businesses that support nearly half a million jobs alone.

By reinstating the moving tax expense deduction, employers will be able to adapt to employees' changing expectations surrounding work from home and relocation and eliminate one of the greatest obstacles to worker mobility: cost. Greater access to mobility will allow employers to cast a wider net while searching for candidates to include talent beyond the local area.

Looking Ahead

The moving expense deduction was already restricted in numerous ways (for example, distance and time-of-work requirements) designed to make certain that only truly job-related costs are deductible. Many costs clearly related to moving (and which were deductible at some level in the past) are not deductible at all under current law. These limitations make the deduction far less effective than it could be in promoting labor mobility and creating job opportunities. Census data suggest that nearly 3 million people moved for job-related reasons in 2022, but IRS statistics show that only 1 million of them claimed a deduction, which averaged only about $3,700. The deduction, which is currently limited, should be extended and expanded to support mobility of our nation's workforce.

This important tax deduction and exclusion will again provide critical tax relief for middleclass workers and families as well as the businesses that relocate their employees around the U.S. and world and which drive the U.S. economy.

Sincerely,

Dan Hilton
Executive Director
American Trucking Association Moving & Storage Conference

Brian Limperopulos
President
International Association of Movers

Anupam Singhal
President & CEO
Worldwide ERC (WERC)

Appendix I: About Our Organizations

About ATA-MSC

Founded in 1933, ATA is a national federation with affiliates in all 50 states and a footprint in every congressional district. We represent more than 37,000 motor carriers, moving & storage companies, and trucking suppliers throughout the country, comprising every segment of the industry -- from truckload to LTL; agriculture and livestock to fuel and auto haulers; and large fleets on down to the independent contractor and small, family-run operations. The American Trucking Associations' Moving & Storage Conference (ATA-MSC) is the national organization representing professional moving and storage companies and suppliers and promoting and protecting the interests of the industry.

About IAM

The International Association of Movers (IAM) is the moving and forwarding industry's largest global trade association. With more than 2,000 members, it comprises companies that provide moving, forwarding, shipping, logistics, and related services in more than 170 countries. Since 1962, IAM has been promoting the growth and success of its members by offering programs, resources, membership protections, and unparalleled networking opportunities to enhance their businesses and their brands.

About WERC

The Worldwide Employee Relocation Council (WERC) represents talent mobility professionals representing over 5,000 individuals and 2,750 enterprises, including corporations and government agencies moving employees across the United States and around the world. Our membership is also comprised of the many service providers who support the move, such as relocation management companies, movers, real estate brokerages, tax and legal experts, and destination service providers. We are bringing our industry together, helping global mobility and relocation professionals navigate current and emerging sustainability issues and forging the future for our industry and our world.

Appendix II: Anatomy of the Moving Tax Expense Deduction

Number of Job-Related Moves Nationwide

The Internal Revenue Service Publication *Statistics of Income-Individual Income Tax Returns* (SOI) provides indications of the number of job-related moves and the characteristics of those moving. In 2017 (the last tax year before the suspension of the deduction), there were 1,090,121 tax returns that reported a deduction for moving expenses (which appears as an adjustment to gross income in computing adjusted gross income), or 0.74% of the approximately 153 million individual tax returns filed. In 2016, there were 1,117,928 tax returns reporting a moving expense deduction, 0.74% of the total number of returns filed for the year.

These figures likely understate the number of job-related movers, however. Since 1993, deductible moving expenses paid or reimbursed by an employer have been excluded from income under the fringe benefit provisions (see section 132(g)). Consequently, unless an employee has deductible expenses exceeding those paid or reimbursed by the employer, the employee will not claim a deduction on the employee's tax return. With deductible expenses limited to those for moving household goods, and travel at the time of final move, many employees do not have any deductible expenses, and nothing related to moving appears on their tax returns that would be captured by the SOI data.

Figures from the 2020 census tend to confirm that the SOI data does not capture all job-related moves. In its *2022 Annual Social and Economic Supplement from the Current Population Survey,* the United States Census Bureau says that of a population of approximately 333 million, about 28.2 million, or 8.5%, moved during 2022. Approximately 2,989,000 reported the reason for moving as a new job or job transfer, and another 423,000 reported the reason as losing a job or looking for work. These figures suggest that nearly 3 million people moved for job-related reasons during 2022, considerably in excess of the 1.1 million or so who claimed a deduction.

The Moving Expense Deduction in the Tax Code and How it Works

The deduction has been in the tax Code in some form since 1964. Congress has emphasized that the costs of moving are costs of earning income not unlike other trade or business expenses. Like other such expenses, deduction of such costs is an essential part of a tax system that offsets income with the cost of earning it. The deduction is not a "tax expenditure."

WERC estimates that U.S. employers relocate over 350,000 American workers to new locations within the United States as part of a formal company-coordinated mobility program annually, with the vast majority of these companies paying most or all of the workers' moving costs as part of these programs. Because most companies, including the Federal Government, also compensate relocated employees for taxes attributable to reimbursed moving costs, the deduction would potentially result in significant financial savings for U.S. companies related to tax assistance expenses associated with corporate mobility programs and substantially enhance their ability to relocate employees at an affordable cost.

Income Level of Movers

The SOI data provides a picture of the income levels of those claiming a deduction for moving expenses. In 2017, nearly three quarters (72%) of all U.S. taxpayers claiming a moving expense deduction reported an adjusted gross income (AGI) of $100,000 or less, of which 43% of all returns reflected an AGI below $50,000. In contrast, only 5% of returns claiming moving expenses were filed by taxpayers with an AGI of $200,000 or more. The average deduction in 2017 was approximately $3,700.

This data makes clear that job-related movers are not highly paid executives; they are primarily mid-level personnel, individuals early in their careers, and those seeking new employment in challenging job markets.

Distance Moved

WERC surveyed its member relocation management companies regarding the distances that individuals relocating for employment purposes are most commonly moved during a U.S. domestic relocation. The data provided by respondents was consistent with previous results; short moves are a distinct exception. For 2022, nearly 72 percent of U.S. employment-related relocations involved a move over 150 miles in length. Only 5.5 percent of U.S. domestic moves involved a distance of 100 miles or less, and 0.08 percent reported moving employees less than 50 miles.

Clearly, the moving expense deduction is not being utilized to provide benefits for short moves.

Costs of Moves

WERC's *2022 Transfer, Volume & Cost Survey* provided insights into the relocation-related costs of home-owning transferees and those that are renting. In 2022, WERC members reported average total relocation costs of $85,466 for a home-owning transferee and $33,532 for a renting transferee.

Additionally, in its *2022 Transfer, Volume & Cost Survey,* WERC reported component costs paid by the employer to relocate a current employee, which is represented as the average dollar amount spent per current employee who received a specific type of assistance. The largest average expense was $36,910 for home sale assistance. The next costliest form of assistance was $31,125 for loss-on-sale assistance associated with the sale of the employee's home in the old location. The household goods shipment, which included any associated transportation and storage, reflected an average cost of $16,465. This was then followed by the federal tax liability, which had an average of $14,238.

Of all the costs included in the survey, only the household goods shipment ($16,465) and final move expenses ($3,289) are currently covered under the existing provision of the U.S. Tax Code to be eligible for moving expense deductions.

The Economic Perspective

Economic studies have repeatedly shown that talent mobility is fundamental to maintaining a strong and competitive economy. The deduction for moving expenses makes it more affordable for workers to move to take advantage of new opportunities, for employers to match people to jobs, and to ensure American businesses remain competitive in a global economy. Our labor and employment markets work efficiently only when workers are willing and able to move to where the jobs are.

Reimbursed Moves

Data from the American Trucking Associations' Moving & Storage Conference on interstate moves handled by member carriers provide an indication of the extent to which individuals who move are reimbursed by their employer. For 2023, ATA-MSC reported approximately 80,000 national account moves (moves that were paid for by a business entity), 120,000 C.O.D. moves (moves that were paid for by the owner of the goods), and 58,000 military or government moves.