

April 5, 2018

Hon. Emily W. Murphy
Administrator
U.S. General Services Administration
1800 F Street NW
Washington, D.C. 20006

Dear Administrator Murphy:

The undersigned organizations write to urgently draw your attention to a matter impacting a large swath of the federal workforce.

It is our understanding that, as a result of recent changes pursuant to Congress' passage of major tax reform, many federal employees are being presented with exorbitantly large bills for taxes owed, due to a change that eliminates the tax deduction exception for household goods services, but does not affect home sale's excludable tax status.

In practice, the policy has meant that many federal employees who relocate (or were previously relocated) to a new duty station – approximately 25,000 annually – are facing “gross-up” tax bills that, in some cases, are so large as to essentially negate the total value of one or multiple employee paychecks.

Clearly, this unintended policy outcome of tax reform holds the potential to be personally ruinous to affected federal employees. Moreover, the policy is specifically impacting those federal employees who already faced the daunting prospect of uprooting and relocating their entire lives in the name of public service. A disproportionate impact of these changes is being faced by employees involved in national and homeland security at the Departments of Homeland Security (DHS), Justice (DOJ), and Defense (DOD), as well as Agriculture (USDA), the Federal Aviation Administration (FAA), and others.

We understand that due to the way 5 U.S.C. § 5738 (b) is written that GSA, via the Office of Governmentwide Policy (OGP), is engaged in consultation with the Department of Treasury and Internal Revenue Service (IRS), on regulations implementing 5 U.S.C. 5724 (b) which pertains to taxes on reimbursement for travel, transportation, and relocation expenses of employees transferred. Absent the issuance of guidance to agencies, employees are bearing direct financial impact. It is our understanding that this impact is causing employees to face financial hardships, decline to accept new assignments, or even leave federal service.

We ask that you move quickly to take the steps necessary – including consultation with Treasury Secretary Steven Mnuchin (Copied on this letter) – to resolve this matter and look forward to your response. Should you require any further information, please contact Jason Briefel, Executive Director, Senior Executives Association (SEA) at briefel@seniorexecs.org. Thank you for your consideration of this request.

Sincerely,

FAA Managers Association (FAAMA)
Federal Law Enforcement Officers Association (FLEOA)
Federal Managers Association (FMA)
National Active and Retired Federal Employees Association (NARFE)
National Association of Federal Veterinarians (NAFV)
National Federation of Federal Employees (NFFE)

National Council of Social Security Management Associations (NCSSMA)
Professional Managers Association (PMA)
Senior Executives Association (SEA)

Cc:

Hon. Steven Mnuchin, Secretary, U.S. Department of the Treasury
David Kautter, Acting Commissioner, Internal Revenue Service
Hon. Jeff T.H. Pon, PhD, Director, Office of Personnel Management
Hon. Margaret Weichert, Deputy Director for Management, Office of Management and Budget
Beth Angerman, Acting Associate Administrator, Office of Governmentwide Policy, GSA