

**NINETY-EIGHTH NATIONAL CONVENTION  
OF  
THE AMERICAN LEGION  
Cincinnati, Ohio  
August 30, 31, September 1, 2016**

**Resolution No. 334: Support Legislation to Increase Telework (Telecommuting)  
Opportunities for Service-Disabled Veterans and Military Spouses  
Origin: Convention Committee on Veterans Employment & Education  
Submitted by: Convention Committee on Veterans Employment & Education**

WHEREAS, U.S. veterans must have the opportunity to assure their own financial security and that of their families; and

WHEREAS, The option to telecommute (to work from home or another off-site location) is critical to achieving financial security for service-disabled veterans who cannot commute or work at a traditional worksite every day because of their disabilities; and

WHEREAS, The option to hire telecommuters is critical to achieving financial security for veteran entrepreneurs whose service-connected disabilities compel them to run their businesses from home and who do not have enough space at home to employ on-site staff; and

WHEREAS, The option to telecommute is critical for spouses of service-disabled veterans who need workplace flexibility to manage both care-giving and job responsibilities; and

WHEREAS, The option to telecommute is critical for spouses of servicemembers on active-duty who need telework to prevent repeated unemployment as they move with their servicemembers from base to base; and

WHEREAS, Some states maintain a tax rule commonly referred to as the “convenience of the employer” rule; and

WHEREAS, A state that applies this rule forces nonresidents who choose to telecommute some or most of the time to an in-state employer to pay taxes, not just on the part of their income they earn when they work in the state, but also on the part they earn at home, in a different state; and

WHEREAS, Many telecommuters are double taxed under this rule, because they must pay taxes to their employer’s state on the wages they earn at home even though their home state can tax the same wages; and

WHEREAS, Even telecommuters who live in states with no income tax (and who are, therefore, not double taxed) are still penalized as a result of the rule, because, notwithstanding the fact that they chose to live in an income-tax free state, and notwithstanding the fact that they may pay uncommonly high sales tax or other taxes in their home state, they must still pay income tax, to their employer’s state instead of their own, on the wages they earn at home; and

WHEREAS, The telework tax penalty imposed by the convenience of the employer rule can eliminate the option of telecommuting for service-disabled veterans and military spouses by making the determination about where they owe taxes unduly complex and confusing; and

WHEREAS, The telework tax penalty can eliminate the option of telecommuting for service-disabled veterans and military spouses by making telework unaffordable; and

WHEREAS, The telework tax penalty reduces the number of telework positions available to service-disabled veterans and military spouses by creating undue complexity and confusion for small businesses regarding where they must withhold for interstate telecommuters, driving up

compliance costs, and, as a result, making telework prohibitively expensive for these businesses; and

WHEREAS, The telework tax penalty drives up compliance costs for service-disabled veterans who own home-based businesses, making it prohibitively expensive for them to hire the off-site workers they need; now, therefore, be it

**RESOLVED, By The American Legion in National Convention assembled in Cincinnati, Ohio, August 30, 31, September 1, 2016, That The American Legion strongly support federal legislation that would eliminate a steep tax barrier to telework and increase telework opportunities by prohibiting states from taxing the compensation that nonresident individuals earn when they are physically present outside the state and from applying a “convenience of the employer” rule or any similar rule.**