

Senate Majority Policy Committee Hearing
Sterling Act & Impact on Suburban Communities

Testimony by Wendi Thomas

March 2, 2023

Good morning, Chairman Laughlin and Senate committee members,

I am Wendi Thomas a resident of Northampton Township for the last 32 years. I am also the former State Representative for the 178th District. I am honored to be here before you today.

Additionally, although your colleague Senator Farry and I worked very hard to get this issue before the house, I am exceedingly happy to see the Senate Policy committee is interested. Again thank you Senator Laughlin for your leadership and of course Senator Farry and others for having this hearing on the issues surrounding the Sterling Act – commonly called in this neck of the woods – the “City Wage Tax”. This is what I will refer to it as for the remainder of my remarks.

As we all remember, Governor Wolf issued his STAY-AT-HOME orders for 6 counties, including the 4 outside Philadelphia on March 23, 2020. By April 1st, 2020 the entire state was on a stay at home – work from home order by Governor Wolf. On April 5, 2021, Governor Wolf lifted the mandated stay at home to a STRONGLY recommended work from home order.

Additionally, Mayor Kenney issued a stay-at-home order for all non-essential business effective on March 23, 2020. Philadelphia lifted it’s stay at home orders on June 2, 2021.

I share the dates because the City Wage Tax is imposed on those who work in the city. Obviously, from Mid-March through the rest of 2020 all non-essential workers who could were working from their home in the suburbs of Philadelphia.

As 2021 progressed, there were many articles like the one that appeared in the Philadelphia Inquirer on February 7, 2021 titled: Tax time: How to get your city of Philadelphia wage tax refund for 2020

In this articles, it notes that Philadelphia raises \$1.5 Billion, which is 45% of the city's annual revenue. And it collects 40% of the \$1.5 Billion from nonresidents wage tax. So there was obviously a great deal of concern by the city about how to keep as much as possible when people were not working in the city.

Thus began, what I feel are blatantly unfair practices by the city of Philadelphia.

1. Quoting from the Article: Philadelphia's long-standing "test" for who pays the wage tax was updated especially for the COVID 2020 tax year. If you're a nonresident, and your employer required you to work from home [during COVID], you don't pay the wage tax. If it's optional that you work from home, then you still pay.

My interpretation of this as I said in a letter to Mayor Kenney, is that if you listened the Governor and to the Mayor himself and worked from home to limit the spread of COVID, then you still have to pay wage tax????!! What?

2. If you're filing for a refund, you'll need a letter from your company stating that you were mandated to work from home, plus one of the city's forthcoming wage tax.

My interpretation of this that any tax form you sign is a legal document; thus your signature is enough. Now you have a get letter from your employer. That says they required you to work from home as the Governor and the Mayor requested that have all employees do. Federal Taxes are far more significant financially and you signature is enough.

My first step what to write a letter to the Mayor, attached is a copy for your review, and ask that this burdensome step be eliminated. This letter was signed by all the State Representatives on both sides of the aisle. The response was that this is not that burdensome and that the Mayor has asked employers to submit a list of employees to avoid this for employees who worked from home.

The Philadelphia Inquirer published the following about the companies submitting a list: (in the February 7th article)

“Your employer can file with the city on your behalf for the first time, and your 2020 wage tax refund will be mailed directly to you. But for most Philly workers, it appears unlikely that your employer will take this collective action — for reasons

described below ... However, many employers are hesitant, fearing a tax audit from the city, accountants say. That fear is likely to prevent many companies from doing it collectively.”

Once wrote this letter, the city said too bad they need to do. I had residents from the suburbs calling my office. Two were highly disturbing.

The first was from someone who does not want to be named as they worked for the Federal Court system in Philadelphia. He filed all the paperwork including the letter from his employer – the FEDERAL Courts. And Philadelphia denied his request for a refund. Unbelievable. Fortunately, I was able to elevate this and he did end up getting his money. But please why would a state representative need to get involved.

The second was from a resident who has a long-term illness and had been given approval to work from home. His employer would not give him a letter because they told him that felt pressure from the city. And while he was approved, he was not required! This is terrible.

So finally, I filed state legislation to forbid that requirement of any more that a signature on a tax document. A signature is good enough for the state of Pennsylvania, a signature is good enough for the United States of America, a signature should be good enough for the city of Philadelphia.

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April 13, 2021

Honorable James Kenney
Mayor of Philadelphia
City Hall, Office 215
Philadelphia, PA 19107

Dear Mayor Kenney,

It has come to our attention that Bucks County residents seeking a refund on the Philadelphia wage tax are being asked to provide a letter from their employer stating that the employee was required to work remotely in order to qualify for the refund.

This was confirmed when visiting <https://www.phila.gov/departments/department-of-revenue/our-services/tax-services/non-resident-covid-ez-refund-petition/>, where it states:

This online refund request must include:

- Your W-2, AND
- A letter from your employer, on company letterhead, stating the time period or dates you were required to work remotely.

We will not accept your refund request if you fail to upload these documents.

Originally issued May 4, 2020 and updated as recently as March 2, 2021, below you will find Governor Wolf's guidance to Pennsylvania businesses found at <https://www.governor.pa.gov/covid-19/business-guidance/#ForWorkers> :

"You play a critical role in protecting your workers, customers, suppliers, and the general public."

"Telework must continue unless impossible. All businesses with in-person operations should follow the building and business safety guidelines issued by the PA Secretary of Health and Centers for Disease Control and Prevention (CDC)."

Additionally, Philadelphia has consistently followed stricter regulations than the rest of the state. In the news story linked below, you even acknowledge that Philadelphia is its own county with its own responsibilities.

<https://www.nbcphiladelphia.com/news/local/philadelphia-sets-april-30-as-date-to-possibly-ease-some-coronavirus-restrictions/2752638/>

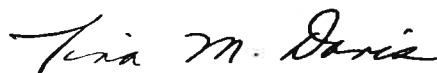
Given the state mandate to work remotely UNLESS impossible up until April 1, 2021 (and is STILL strongly encouraged by Governor Wolf according to his most recent guidance to businesses) the requirement to provide an employer letter is burdensome and unnecessary. At a time of economic insecurity for many Pennsylvanians, Bucks County residents and their home governments are entitled to this refund which will help local fire and police entities hard hit by the pandemic.

I am writing you today to respectfully request that the City of Philadelphia remove this unnecessary requirement for those applying for the city wage tax refund. I appreciate your consideration and attention to this matter.


Sincerely,



Rep. Wendi J. Thomas, 178th District



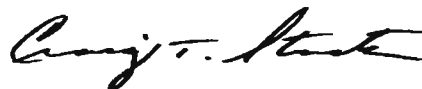
Rep. Tina Davis, 141st District



Rep. Shelby Labs, 143rd District



Rep. Kathleen Tomlinson, 18th District



Rep. Craig Staats, 145th District



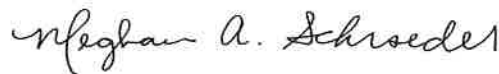
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Rep. John T. Galloway, 140 District



Rep. Todd Polinchock, 144th District



Rep. Meghan Schroeder, 29th District



Rep. Perry Warren, 31st District