



May 22, 2025

The Honorable Tim Walberg  
Chairman, Committee on Education  
and the Workforce  
U.S. House of Representatives  
2266 Rayburn House Office Building  
Washington, DC 20515

The Honorable Bobby Scott  
Ranking Member, Committee on Education  
and the Workforce  
U.S. House of Representatives  
2328 Rayburn House Office Building  
Washington, DC 20515

**Re: Comments on the More Paid Leave for More Americans Act**

Dear Representatives Walberg and Scott:

PayrollOrg supports the concept of a national baseline for paid leave and asks some questions about the More Paid Leave for More Americans Act (More Leave Act) and its potential impacts on payroll management.

**About PayrollOrg**

PayrollOrg is a nonpartisan, nonpolitical association representing over 20,000 payroll professionals who manage the payroll function for employers of all sizes and industries across the U.S. PayrollOrg is dedicated to advancing the payroll industry through education, advocacy, networking, and collaboration. PayrollOrg's Government Relations Task Force provides payroll professionals with the opportunity to partner with government to create efficiencies, open doors to new technologies, and provide opportunities for professional growth.

**State Participation**

Currently, more than 20 states have paid leave laws, and each one is unique. Similarly, more than 20 local governments have their own distinct paid leave requirements. The More Leave Act aims to introduce standardization through a voluntary program for states, yet localities are excluded.

PayrollOrg's questions:

1. What is the incentive for states with existing laws to participate, especially in states with more comprehensive qualifying factors than found in the Family and Medical Leave Act as envisioned in the More Leave Act?



2. Is Congress considering including local governments or preempting local governments in the More Leave Act?
3. How will the More Leave Act achieve standardization?

### **Interstate Paid Leave Action Network (I-PLAN)**

The provisions of the proposed bill indicate that paid leave programs will be administered by states in which employers provide the leave and employees must file a claim with the state to receive their wage replacement benefits. In turn, employers, and likely employees, will be required to pay for the program through added payroll taxes.

In addition, for employees to claim their benefits, they will need to provide their employers with documentation to justify their leave and may need to request leave in advance of taking it. Employers will need to file a report with the state and respond to state requests for proof of employee claims.

PayrollOrg's questions:

1. How will the I-PLAN reduce the administrative burden on employers and their payroll departments?
2. Will employers that provide their employees with paid leave benefits that are as good as or better than state I-PLAN participants be able to opt out?
3. What will be the legal priority for withholding funds to finance the I-PLAN through payroll taxes? For instance, will I-PLAN fees be deducted before or after employment taxes, child support, garnishments, retirement plan contributions, healthcare insurance benefits, life insurance benefits, etc.?
4. How will the I-PLAN operate for multistate employers?

### **Employment Taxes**

The Internal Revenue Service's Revenue Ruling 2025-4 offers guidance to employers regarding the federal tax treatment of contributions and benefits mandated by state paid family medical leave (PFML) laws. This ruling specifies that employee contributions to state PFML laws must be made on an after-tax basis. Consequently, the contribution amount is included in employees' gross wages and is subject to federal employment taxes (income, Social Security, and Medicare). When an employer covers all or a portion of its employees' contributions, the "employer pick-up" is considered taxable compensation for the employees. Different federal employment tax treatment applies depending on whether the reason is for family or medical leave.

PayrollOrg's Questions:

1. What is the federal employment tax treatment applicable to the More Leave Act?

2. If Congress eliminates or reduces employment taxes on overtime and tip pay, will these changes impact More Leave Act payroll taxes?
3. Will the Form W-2 change to add codes or a box to account for More Leave Act benefits and payroll taxes?

### **Employer Outreach**

Employers are legally obligated to understand the laws and regulations governing their operations. However, a significant compliance challenge arises from employers being unaware of paid leave requirements. While the I-PLAN proposes methods for informing employees, it does not outline a strategy for informing employers

PayrollOrg's Questions:

1. What measures can the More Leave Act include to inform employers and payroll managers about the requirements?
2. Does the More Leave Act envision a partnership with organizations, such as PayrollOrg, to provide outreach?
3. Will payroll departments be given sufficient time to implement the More Leave Act, including software changes and testing and employee and payroll manager training?

Thank you for the opportunity to participate in the paid leave discussion. To discuss payroll management and these comments, please contact PayrollOrg through Alice Jacobsohn at 202-669-4001 or [ajacobsohn@payroll.org](mailto:ajacobsohn@payroll.org).

Sincerely,



Alice P. Jacobsohn, Esq.  
Director, Government Relations

For: Government Relations Task Force  
Federal Issues Subcommittee  
Cochairs Rebecca Harshberger, CPP; Mindy Mayo, CPP; and Jon Schausten, CPP

Cc: Reps. Stephanie Bice, Chrissy Houlahan, Mariannette Miller-Meeks, Haley Stevens, Julia Letlow, Don Beyer, Randy Feenstra, and Jimmy Gomez