

Green Mountain State initiative may have you seeing red

I'm a city kid. I live now in the inner suburban ring of my city. It's quieter, but sometimes the density and the crazy mall drivers get to me.

If you have employees who are more dismayed with their quality of life than I am, Vermont is beckoning. [S.B. 94](#), signed by Gov. Phil Scott on May 30, promotes telecommuting by enacting a new remote worker grant program.

Who doesn't like maple syrup?

Under the program, full-time employees who move to Vermont on or after Jan. 1, 2019, and telecommute or work in local co-working spaces for out-of-state employers, may be eligible for a subsidy of \$5,000 a year, up to \$10,000 over the life of the program.

If you're worried that broadband connections will be spotty, the law also requires the state Director of Telecommunications and Connectivity to issue a report on the current availability of broadband in municipal downtown centers and strategies for expanding and enhancing broadband availability in those places.

Sounds good, but ...

Other than the Americans with Disabilities Act, there's no federal law that says you must accommodate employees by allowing them to become distance workers. If some of your employees want to move to Vermont, you can throw them a farewell luncheon, but you don't have to continue to employ them.

But talent is short these days, so you might now want to take the leap into managing a remote workforce. If you're willing to accommodate employees by allowing them to telecommute from Vermont, S.B. 94 is conspicuously silent on granting breaks to out-of-state employers whose employees move to into the state. And that's interesting, since the state may be banking on the fact that the tax revenue those remote workers will generate will more than offset their \$10,000 subsidies.

If you now allow employees to telecommute from different states, this initiative won't mean much to you. You'll just substitute Vermont for the states in which employees live. But if you don't have distance workers, the following may come as quite a shock to you.

Employees who move to Vermont (or any state for that matter) and become distance workers create a nexus for you with that state. Implications:

- You'll be required to [register with the state](#) and [withhold](#) Vermont income taxes from employees' pay.
- You'll also be on the hook for [corporate income taxes](#) and [state unemployment taxes](#).
- You'll probably need to get [workers' compensation](#) in the state.
- If you self-insure your employees' health coverage, you'll be liable for a [health care claims tax](#). If you don't self-insure, your employees may have trouble finding in-network providers

- A host of state [labor laws](#) may apply.

Maybe life in the woods doesn't sound so good, after all.