
By: Chairman, Economic Matters Committee (Departmental - Labor, Licensing and Regulation)

Introduced and read first time: February 7, 1996

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 13, 1996

CHAPTER ____

1 AN ACT concerning

2 Unemployment Insurance - Withholding of Federal and State Income Tax

3 FOR the purpose of providing that unemployment insurance claimants may elect to have
4 federal income tax and State income tax withheld from unemployment insurance
5 benefits; providing that tax withholding of unemployment insurance benefits are
6 subordinate to certain other deductions; providing for the application of this Act;
7 and generally relating to the unemployment insurance law.

8 BY adding to

9 Article - Labor and Employment

10 Section 8-810

11 Annotated Code of Maryland

12 (1991 Volume and 1995 Supplement)

13 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

14 MARYLAND, That the Laws of Maryland read as follows:

15 **Article - Labor and Employment**

16 8-810.

17 (A) AN INDIVIDUAL FILING A NEW CLAIM FOR UNEMPLOYMENT INSURANCE
18 BENEFITS ESTABLISHING A NEW BENEFIT YEAR SHALL BE ADVISED OF THE
19 FOLLOWING, AT THE TIME OF FILING SUCH CLAIM:

20 (1) UNEMPLOYMENT INSURANCE BENEFITS ARE SUBJECT TO FEDERAL,
21 STATE, AND LOCAL INCOME TAX;

22 (2) REQUIREMENTS EXIST PERTAINING TO ESTIMATED TAX PAYMENTS;

2

1 (3) THE INDIVIDUAL MAY ELECT TO HAVE THE SECRETARY DEDUCT
2 FEDERAL INCOME TAX FROM THE INDIVIDUAL'S PAYMENT OF UNEMPLOYMENT
3 INSURANCE BENEFITS AT THE AMOUNT SPECIFIED IN THE FEDERAL INTERNAL
4 REVENUE CODE;

5 (4) THE INDIVIDUAL MAY ELECT TO HAVE THE SECRETARY DEDUCT
6 STATE INCOME TAX FROM THE INDIVIDUAL'S PAYMENT OF UNEMPLOYMENT
7 INSURANCE BENEFITS AT THE RATE OF SEVEN PERCENT; AND

8 (5) THE INDIVIDUAL MAY CHANGE A PREVIOUSLY ELECTED
9 WITHHOLDING STATUS ONCE DURING EACH BENEFIT YEAR.

10 (B) AMOUNTS DEDUCTED FROM UNEMPLOYMENT INSURANCE BENEFITS
11 PURSUANT TO THIS SECTION SHALL REMAIN IN THE UNEMPLOYMENT INSURANCE
12 FUND UNTIL TRANSFERRED TO THE APPROPRIATE TAXING AUTHORITY AS A
13 PAYMENT OF INCOME TAX.

14 (C) THE SECRETARY SHALL FOLLOW THE PROCEDURES SPECIFIED BY THE
15 UNITED STATES DEPARTMENT OF LABOR ~~AND~~, THE FEDERAL INTERNAL REVENUE
16 SERVICE, AND THE MARYLAND STATE COMPTROLLER PERTAINING TO THE
17 DEDUCTING AND WITHHOLDING OF INCOME TAX.

18 (D) AMOUNTS DEDUCTED FROM UNEMPLOYMENT INSURANCE BENEFITS
19 UNDER THIS SECTION SHALL BE DEDUCTED AND WITHHELD ONLY AFTER AMOUNTS
20 ARE DEDUCTED AND WITHHELD FOR ANY OVERPAYMENTS OF ANY
21 UNEMPLOYMENT INSURANCE BENEFITS, CHILD SUPPORT OBLIGATIONS, AND TO
22 SATISFY ANY OTHER REQUIREMENTS OF FEDERAL LAW .

23 SECTION 2. AND BE IT FURTHER ENACTED, That the provisions of this
24 Act shall be effective for unemployment insurance benefit checks that are issued on or
25 after January 1, 1997.

26 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
27 October 1, 1996.