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

Introduced and read first time: February 7, 1996

Assigned to: Economic Matters

A BILL ENTITLED

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;

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

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

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

3 (B) AMOUNTS DEDUCTED FROM UNEMPLOYMENT INSURANCE BENEFITS
4 PURSUANT TO THIS SECTION SHALL REMAIN IN THE UNEMPLOYMENT INSURANCE
5 FUND UNTIL TRANSFERRED TO THE APPROPRIATE TAXING AUTHORITY AS A
6 PAYMENT OF INCOME TAX.

7 (C) THE SECRETARY SHALL FOLLOW THE PROCEDURES SPECIFIED BY THE
8 UNITED STATES DEPARTMENT OF LABOR AND THE FEDERAL INTERNAL REVENUE
9 SERVICE, AND MARYLAND STATE COMPTROLLER PERTAINING TO THE DEDUCTING
10 AND WITHHOLDING OF INCOME TAX.

11 (D) AMOUNTS DEDUCTED FROM UNEMPLOYMENT INSURANCE BENEFITS
12 UNDER THIS SECTION SHALL BE DEDUCTED AND WITHHELD ONLY AFTER AMOUNTS
13 ARE DEDUCTED AND WITHHELD FOR ANY OVERPAYMENTS OF ANY
14 UNEMPLOYMENT INSURANCE BENEFITS, CHILD SUPPORT OBLIGATIONS, AND TO
15 SATISFY ANY OTHER REQUIREMENTS OF FEDERAL LAW .

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

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