

CHAPTER 75

(House Bill 1088)

AN ACT concerning

Unemployment Insurance – Withholding of Federal and State Income Tax

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

BY adding to

Article – Labor and Employment

Section 8-810

Annotated Code of Maryland

(1991 Volume and 1995 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – Labor and Employment

8-810.

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

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

(2) REQUIREMENTS EXIST PERTAINING TO ESTIMATED TAX PAYMENTS;

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

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

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

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