
SENATE BILL 6414

State of Washington

54th Legislature

1996 Regular Session

By Senators Pelz and Newhouse; by request of Employment Security Department

Read first time 01/15/96. Referred to Committee on Labor, Commerce & Trade.

1 AN ACT Relating to the voluntary withholding of federal income tax
2 from unemployment insurance benefit payments; adding a new section to
3 chapter 50.20 RCW; creating new sections; and providing an effective
4 date.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** The legislature finds that:

7 (1) The unique federal and state partnership of the unemployment
8 insurance program places a special responsibility on states, and
9 selected Congressional legislation requires conforming legislation at
10 the state level;

11 (2) The most recent conformity legislation requires states to offer
12 unemployed workers the option of having the employment security
13 department withhold federal income tax from unemployment insurance
14 benefits;

15 (3) Unemployment benefits have been subject to income tax for
16 several years, and voluntary withholding is a reasonable strategy some
17 claimants will use to spread the payment of their federal income tax
18 liability over several weeks or months rather than a single payment at
19 income tax time; and

1 (4) Conformity with federal law supports the federal and state
2 partnership and responds to the needs of this state's unemployed
3 workers.

4 NEW SECTION. **Sec. 2.** A new section is added to chapter 50.20 RCW
5 to read as follows:

6 (1) An individual filing a new claim for unemployment insurance
7 must, at the time of filing such claim, be advised that:

8 (a) Unemployment insurance is subject to federal income tax;

9 (b) Requirements exist pertaining to estimated tax payments;

10 (c) The individual may elect to have federal income tax deducted
11 and withheld from the individual's payment of unemployment insurance at
12 the amount specified in the federal internal revenue code; and

13 (d) The individual is permitted to change a previously elected
14 withholding status.

15 (2) Amounts deducted and withheld from unemployment compensation
16 must remain in the unemployment fund until transferred to the federal
17 taxing authority as a payment of income tax.

18 (3) The commissioner shall follow all procedures specified by the
19 United States department of labor and the federal internal revenue
20 service pertaining to the deducting and withholding of income tax.

21 (4) The commissioner shall adopt rules to implement this section.
22 Amounts shall be deducted and withheld in accordance with the
23 priorities established in rules adopted by the commissioner.

24 NEW SECTION. **Sec. 3.** If any part of this act is found to be in
25 conflict with federal requirements that are a prescribed condition to
26 the allocation of federal funds to the state or the eligibility of
27 employers in this state for federal unemployment tax credits, the
28 conflicting part of this act is hereby declared to be inoperative
29 solely to the extent of the conflict, and such finding or determination
30 shall not affect the operation of the remainder of this act. The rules
31 under this act shall meet federal requirements that are a necessary
32 condition to the receipt of federal funds by the state or the granting
33 of federal unemployment tax credits to employers in this state.

34 NEW SECTION. **Sec. 4.** If any provision of this act or its
35 application to any person or circumstance is held invalid, the

1 remainder of the act or the application of the provision to other
2 persons or circumstances is not affected.

3 NEW SECTION. **Sec. 5.** This act shall take effect December 31,
4 1996, and shall apply to payments made after December 31, 1996.

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