

**LEGISLATIVE FISCAL OFFICE  
Fiscal Note**



Fiscal Note On: **HB 62** HLS 201ES 55  
 Bill Text Version: **ORIGINAL**  
 Opp. Chamb. Action:  
 Proposed Amd.:  
 Sub. Bill For.:

<b>Date:</b> June 15, 2020 2:08 PM	<b>Author:</b> ZERINGUE
<b>Dept./Agy.:</b> LWC/Revenue	<b>Analyst:</b> Tanesha Morgan
<b>Subject:</b> Unemployment compensation	

UNEMPLOYMENT COMP OR SEE FISC NOTE GF RV Page 1 of 1  
 Provides for state income tax withholdings on unemployment compensation benefits (Item #32)

Proposed law provides that if a claimant is eligible to receive any federal disaster unemployment assistance in addition to the maximum weekly benefits amounts established in present law, then the claimant, when filing a claim for state unemployment compensation benefits, shall be required to withhold state income taxes at the time the claim is filed.

Proposed law provides that the claimant shall be provided information regarding the state income tax rates established in present law, from which the claimant shall be required to select a withholding rate.

<b>EXPENDITURES</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

  

<b>REVENUES</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

**REVENUE EXPLANATION**

Under present law, unemployment benefits are taxable income. However, state income tax is not withheld from unemployment benefits before sending the benefit to the claimant. Currently, claimants pay state income tax on unemployment benefits when they file their individual income tax returns. This bill provides that state income tax shall be withheld from unemployment benefits when it is paid to the claimant. When the claimant files a return for the tax period, the tax liability will be reconciled with the tax already paid through withholdings. Overpayments would generate refunds, and underpayments would generate tax due, although the ultimate tax liability is not changed. It is possible that the timing of some tax receipts will shift between fiscal years, but this possibility is not considered material.

Senate      Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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