

**LEGISLATIVE FISCAL OFFICE
Fiscal Note**



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

Date: July 6, 2020	12:30 PM	Author: ZERINGUE
Dept./Agy.: LWC/Revenue		Analyst: Tanesha Morgan
Subject: Unemployment compensation		

UNEMPLOYMENT COMP EN 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 temporary federal emergency 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 submit to the withholding of state income taxes at a rate of four percent.

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

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

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}

Gregory V. Albrecht
 Chief Economist