



# HOUSE BILL No. 5865

May 9, 1996, Introduced by Reps. LaForge, Anthony, Green, Martinez, DeLange, Goschka, Cherry, Gire, Brater, Hanley, Prusi and Perricone and referred to the Committee on Human Resources and Labor.

A bill to amend Act No. 1 of the Public Acts of the Extra Session of 1936, entitled as amended "Michigan employment security act," as amended, being sections 421.1 to 421.75 of the Michigan Compiled Laws, by adding section 27b.

**THE PEOPLE OF THE STATE OF MICHIGAN ENACT:**

1 Section 1. Act No. 1 of the Public Acts of the Extra  
2 Session of 1936, as amended, being sections 421.1 to 421.75 of  
3 the Michigan Compiled Laws, is amended by adding section 27b to  
4 read as follows:

5 SEC. 27B. (1) BEGINNING JANUARY 1, 1997, AN INDIVIDUAL  
6 FILING A NEW CLAIM FOR UNEMPLOYMENT BENEFITS SHALL, AT THE TIME  
7 OF FILING THE CLAIM, BE ADVISED OF ALL OF THE FOLLOWING:

8 (A) THAT UNEMPLOYMENT BENEFITS ARE SUBJECT TO FEDERAL AND  
9 STATE INCOME TAX.

1 (B) THAT SOME TAXPAYERS ARE REQUIRED TO MAKE ESTIMATED TAX  
2 PAYMENTS.

3 (C) THAT THE INDIVIDUAL MAY ELECT TO HAVE BOTH OF THE FOL-  
4 LOWING DEDUCTED AND WITHHELD FROM HIS OR HER UNEMPLOYMENT COMPEN-  
5 SATION PAYMENTS:

6 (i) FEDERAL INCOME TAX IN THE AMOUNT SPECIFIED UNDER SUB-  
7 CHAPTER A OF CHAPTER 24 OF SUBTITLE C OF THE INTERNAL REVENUE  
8 CODE OF 1986, 26 U.S.C. 3401 TO 3406.

9 (ii) STATE INCOME TAX AS PROVIDED IN SECTION 351 OF THE  
10 INCOME TAX ACT OF 1967, ACT NO. 281 OF THE PUBLIC ACTS OF 1967,  
11 BEING SECTION 206.351 OF THE MICHIGAN COMPILED LAWS.

12 (D) THAT THE INDIVIDUAL IS PERMITTED TO CHANGE A PREVIOUSLY  
13 ELECTED WITHHOLDING STATUS ONLY ONCE IN THE INDIVIDUAL'S BENEFIT  
14 YEAR.

15 (2) IF AN INDIVIDUAL MAKES AN ELECTION TO HAVE MONEY  
16 DEDUCTED AND WITHHELD FROM HIS OR HER UNEMPLOYMENT COMPENSATION  
17 PAYMENTS UNDER SUBSECTION (1)(C), THE COMMISSION IS AN EMPLOYER  
18 REQUIRED UNDER THE INTERNAL REVENUE CODE OF 1986 TO WITHHOLD A  
19 TAX ON THE COMPENSATION OF AN INDIVIDUAL PURSUANT TO SECTION 351  
20 OF ACT NO. 281 OF THE PUBLIC ACTS OF 1967. AN ELECTION BY AN  
21 INDIVIDUAL TO HAVE INCOME TAX WITHHELD FROM UNEMPLOYMENT COMPEN-  
22 SATION PAYMENTS APPLIES TO BOTH FEDERAL AND STATE INCOME TAX. AN  
23 INDIVIDUAL MAY NOT ELECT TO HAVE ONLY FEDERAL OR ONLY STATE  
24 INCOME TAX WITHHELD.

25 (3) AMOUNTS DEDUCTED AND WITHHELD FROM UNEMPLOYMENT BENEFITS  
26 SHALL REMAIN IN THE UNEMPLOYMENT INSURANCE TRUST FUND UNTIL  
27 TRANSFERRED TO THE INTERNAL REVENUE SERVICE OF THE UNITED STATES

1 DEPARTMENT OF TREASURY, OR TO THE STATE DEPARTMENT OF TREASURY,  
2 AS APPROPRIATE, AS A PAYMENT OF INCOME TAX.

3 (4) THE COMMISSION SHALL FOLLOW ALL PROCEDURES SPECIFIED BY  
4 THE UNITED STATES DEPARTMENT OF LABOR, THE INTERNAL REVENUE SERV-  
5 ICE OF THE UNITED STATES DEPARTMENT OF TREASURY, AND THE MICHIGAN  
6 DEPARTMENT OF TREASURY PERTAINING TO THE DEDUCTING AND WITHHOLD-  
7 ING OF INCOME TAX.

8 (5) AMOUNTS SHALL BE DEDUCTED AND WITHHELD UNDER THIS SEC-  
9 TION ONLY AFTER A CLAIMANT'S WEEKLY BENEFIT RATE IS REDUCED BASED  
10 ON CHILD SUPPORT OBLIGATIONS AND THE PENSION REDUCTION AND EARN-  
11 INGS OFFSET REQUIREMENTS OF SECTION 27, AND ONLY AFTER A  
12 CLAIMANT'S BENEFIT PAYMENT IS ADJUSTED BY AMOUNTS WITHHELD FROM  
13 IT BY THE COMMISSION TO SATISFY THE LEGAL OBLIGATIONS OF RESTITU-  
14 TION UNDER SECTION 62(A), FRAUD PENALTIES UNDER SECTIONS 54 AND  
15 54A TO 54C, AND NECESSARIES UNDER SECTION 30.