

SENATE COMMERCE COMMITTEE

STATEMENT TO

ASSEMBLY, No. 2278

STATE OF NEW JERSEY

DATED: OCTOBER 28, 1996

The Senate Commerce Committee reports favorably Assembly Bill No. 2278.

This bill amends the "unemployment compensation law" to comply with provisions of federal law regarding the voluntary withholding of federal income tax from unemployment compensation benefits.

The bill requires individuals filing a new or continuing claim for unemployment compensation benefits to be advised that such benefits are subject to federal income tax and that requirements exist pertaining to estimated tax payments. In addition, the State is required to deduct and withhold Federal income tax from unemployment compensation benefits if the individual receiving such benefits voluntarily requests such deduction and withholding. The amounts withheld from unemployment compensation must remain in the unemployment compensation fund until transferred to the taxing authority.

Finally, the bill amends the "unemployment compensation law" to provide that amounts to be withheld for federal income taxes may only be deducted and withheld after amounts are deducted and withheld for any overpayments of unemployment compensation, child support obligations, food stamp over issuances or other amounts required to be deducted and withheld under federal law.