

FILED

**Jane Dee Hull
Secretary of State**

State of Arizona
House of Representatives
Forty-second Legislature
Second Regular Session
1996

CHAPTER 37

HOUSE BILL 2145

AN ACT

AMENDING TITLE 23, CHAPTER 4, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING SECTION 23-792; AMENDING TITLE 43, CHAPTER 4, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING SECTION 43-407; RELATING TO ECONOMIC SECURITY BENEFITS.

Be it enacted by the Legislature of the State of Arizona:

Section 1. Title 23, chapter 4, article 6, Arizona Revised Statutes, is amended by adding section 23-792, to read:

23-792. Voluntary withholding; income tax

A. AN INDIVIDUAL FILING A NEW CLAIM FOR UNEMPLOYMENT COMPENSATION SHALL, AT THE TIME OF FILING THE CLAIM, BE ADVISED:

1. THAT UNEMPLOYMENT COMPENSATION IS SUBJECT TO FEDERAL AND STATE TAX.

2. OF THE EXISTENCE OF REQUIREMENTS PERTAINING TO ESTIMATED TAX PAYMENTS.

3. THAT THE INDIVIDUAL MAY ELECT TO HAVE FEDERAL INCOME TAX DEDUCTED AND WITHHELD FROM THE INDIVIDUAL'S PAYMENT OF UNEMPLOYMENT COMPENSATION AT THE AMOUNT SPECIFIED IN THE UNITED STATES INTERNAL REVENUE CODE.

4. THAT THE INDIVIDUAL MAY ELECT TO HAVE STATE INCOME TAX DEDUCTED AND WITHHELD FROM THE INDIVIDUAL'S PAYMENT OF UNEMPLOYMENT COMPENSATION AT THE RATE OF TEN PER CENT OF THE AMOUNT WITHHELD FOR FEDERAL INCOME TAX. THE ELECTION SHALL BE IN WRITING.

5. THAT THE INDIVIDUAL SHALL BE PERMITTED TO CHANGE A PREVIOUSLY ELECTED WITHHOLDING STATUS.

1 B. AMOUNTS DEDUCTED AND WITHHELD FROM THE PAYMENT OF UNEMPLOYMENT
2 COMPENSATION SHALL BE HELD IN THE UNEMPLOYMENT COMPENSATION FUND UNTIL
3 TRANSFERRED TO THE TAXING AUTHORITIES.

4 C. THE DEPARTMENT SHALL FOLLOW ALL PROCEDURES SPECIFIED BY THE UNITED
5 STATES DEPARTMENT OF LABOR, THE UNITED STATES INTERNAL REVENUE SERVICE AND
6 THE ARIZONA DEPARTMENT OF REVENUE PERTAINING TO THE DEDUCTING AND WITHHOLDING
7 OF INCOME TAX.

8 D. AMOUNTS SHALL BE DEDUCTED AND WITHHELD UNDER THIS SECTION ONLY
9 AFTER AMOUNTS ARE DEDUCTED AND WITHHELD FOR ANY OVERPAYMENTS OF UNEMPLOYMENT
10 COMPENSATION, CHILD SUPPORT OBLIGATIONS OR ANY OTHER AMOUNTS REQUIRED TO BE
11 DEDUCTED AND WITHHELD UNDER THIS CHAPTER.

12 Sec. 2. Title 43, chapter 4, article 1, Arizona Revised Statutes, is
13 amended by adding section 43-407, to read:

14 43-407. Extension of withholding to unemployment compensation
15 payments

16 A. FOR THE PURPOSES OF THIS TITLE, ANY PAYMENT OF UNEMPLOYMENT
17 COMPENSATION TO AN INDIVIDUAL WHO HAS MADE AN ELECTION TO HAVE STATE INCOME
18 TAX WITHHELD AS SPECIFIED IN SECTION 23-792, SUBSECTION A, PARAGRAPH 4, SHALL
19 BE TREATED AS A PAYMENT OF WAGES BY AN EMPLOYER TO AN EMPLOYEE FOR A PAYROLL
20 PERIOD. THE AMOUNT WITHHELD AT THE TIME OF PAYMENT SHALL BE TEN PER CENT OF
21 FEDERAL INCOME TAX DEDUCTED AND WITHHELD.

22 B. AN ELECTION THAT UNEMPLOYMENT COMPENSATION PAYMENTS BE SUBJECT TO
23 WITHHOLDING UNDER THIS SECTION SHALL BE MADE BY THE PAYEE IN WRITING TO THE
24 PERSON MAKING UNEMPLOYMENT COMPENSATION PAYMENTS AND SHALL BE ACCOMPANIED BY
25 A FORM AS PRESCRIBED BY THE DEPARTMENT. A REQUEST TO TERMINATE WITHHOLDING
26 MAY BE SUBMITTED AT ANY TIME BY THE PAYEE AND SHALL BE IN WRITING TO THE
27 PAYOR.

28 Sec. 3. Effective date

29 This act is effective from and after December 31, 1996.

APPROVED BY THE GOVERNOR MARCH 27, 1996

FILED IN THE OFFICE OF THE SECRETARY OF STATE MARCH 28, 1996