

1 State of Arkansas
2 93rd General Assembly
3 Regular Session, 2021
4

As Engrossed: H2/10/21

A Bill

HOUSE BILL 1049

5 By: Representative Jett
6

For An Act To Be Entitled

8 AN ACT TO ALLOW THE WITHHOLDING OF STATE INCOME TAX
9 FROM UNEMPLOYMENT COMPENSATION BENEFITS AND
10 UNEMPLOYMENT INSURANCE BENEFITS; AND FOR OTHER
11 PURPOSES.
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Subtitle

15 TO ALLOW THE WITHHOLDING OF STATE INCOME
16 TAX FROM UNEMPLOYMENT COMPENSATION
17 BENEFITS AND UNEMPLOYMENT INSURANCE
18 BENEFITS.
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21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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23 *SECTION 1. Arkansas Code § 11-10-803(a), concerning withdrawals from*
24 *the Unemployment Trust Fund, is amended to add an additional subsection to*
25 *read as follows:*

26 *(3) For payments beginning on and after January 1, 2022,*
27 *subdivision (a)(1) of this section shall not be construed to prohibit*
28 *deducting an amount from unemployment compensation otherwise payable to an*
29 *individual and using the amount so deducted to pay for the withholding of*
30 *Arkansas individual income tax, if the individual elected to have the*
31 *deduction made and the deduction was made under § 26-51-905 and under a*
32 *program approved by the United States Secretary of Labor.*
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34 *SECTION 2. Arkansas Code § 26-51-905, concerning the withholding of*
35 *tax under the Arkansas Income Tax Withholding Act of 1965, is amended to add*
36 *an additional subsection to read as follows:*



1 (c)(1)(A) For purposes of this subchapter, the payment of unemployment
2 compensation benefits or unemployment insurance benefits shall be treated as
3 the payment of wages by an employer to an employee if:

4 (i) The payment is of the type included in "gross
5 income" under § 26-51-404(a)(1)(G) or (a)(1)(H); and

6 (ii) The recipient of the payment has requested that
7 the payment be subject to withholding under this subchapter by the agency
8 receiving the application for unemployment compensation benefits or
9 unemployment insurance benefits.

10 (B) The amount to be deducted and withheld from a payment
11 under subdivision (c)(1)(A) of this section is four and five-tenths percent
12 (4.5%) of the payment.

13 (2) A person applying for unemployment compensation benefits or
14 unemployment insurance benefits shall be informed by the agency receiving the
15 application of the taxability of the unemployment compensation benefits or
16 unemployment insurance benefits and the option to request withholding under
17 this subchapter.

18 (3) The recipient of unemployment compensation benefits or
19 unemployment insurance benefits shall be permitted to change his or her
20 previously elected withholding status.

21 (4) An agency required to deduct and withhold under this
22 subsection is not liable under § 26-51-916 for the amounts required to be
23 deducted and withheld.

24 (5) This subsection shall not be construed to require the
25 Arkansas Department of Workforce Services to deduct, withhold, or remit any
26 amount under the income tax withholding act or the income tax levy of any
27 state other than Arkansas.

28
29 SECTION 3. TEMPORARY LANGUAGE. DO NOT CODIFY.

30 The withholding allowed under this act shall not occur until:

31 (1)(A) The Director of the Division of Workforce Services
32 notifies the Secretary of the Department of Finance and Administration that
33 the Division of Workforce Services' computer technology and information
34 management systems are prepared to carry out withholding under this act; and

35 (B) The withholding program created by this act is
36 approved by the United States Secretary of Labor or the United States

1 Secretary of Labor determines approval is not necessary.

2 (2)(A) Upon occurrence of the events in subdivision (1) of this
3 section, the Secretary of the Department of Finance and Administration shall
4 make a proclamation that withholding under this act shall begin on the first
5 day of the calendar month following the proclamation.

6 (B) Withholding under this act shall begin on the first
7 day of the calendar month following the secretary's proclamation.

8 (3) The director and the Secretary of the Department of Finance
9 and Administration shall cooperate to request the United States Secretary of
10 Labor's approval of the withholding program created under this act.

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/s/Jett