

43: 21-15

**LEGISLATIVE HISTORY CHECKLIST**  
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(Unemployment)

**NJSA:** 43:21-15

**LAWS OF:** 1996 **CHAPTER:** 149

**BILL NO:** A2278

**SPONSOR(S):** Geist and Roma

**DATE INTRODUCED:** September 16, 1996

**COMMITTEE:** **ASSEMBLY:** Labor  
**SENATE:** Commerce

**AMENDED DURING PASSAGE:** No

**DATE OF PASSAGE:** **ASSEMBLY:** October 21, 1996  
**SENATE:** November 7, 1996

**DATE OF APPROVAL:** December 20, 1996

**FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:**

**SPONSOR STATEMENT:** Yes

**COMMITTEE STATEMENT:** **ASSEMBLY:** Yes  
**SENATE:** Yes

**FISCAL NOTE:** No

**VETO MESSAGE:** No

**MESSAGE ON SIGNING:** No

**FOLLOWING WERE PRINTED:**

**REPORTS:** No

**HEARINGS:** No

KBP:pp

P.L. 1996, CHAPTER 149, *approved December 20, 1996*  
Assembly No. 2278

1 AN ACT concerning withholdings and deductions from unemployment  
2 compensation benefits and amending R.S. 43:21-15.

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4 **BE IT ENACTED** by the Senate and General Assembly of the State  
5 of New Jersey:

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7 1. R.S. 43:21-15 is amended to read as follows:

8 43:21-15. (a) Waiver of rights void. Any agreement by an  
9 individual to waive, release, or commute his rights to benefits or any  
10 other rights under this chapter shall be void. No agreement by any  
11 individual in the employ of any person or concern to pay all or any  
12 portion of an employer's contributions, required under this chapter  
13 from such employer, shall be valid. No employer shall directly or  
14 indirectly make or require or accept any deduction from the  
15 remuneration of any individual in his employ to finance the employer's  
16 contributions required from him, or require or accept any waiver of  
17 any right hereunder by any individual in his employ. Any employer or  
18 officer or agent of an employer who violates any provision of this  
19 subsection shall, for each offense, be fined not less than one hundred  
20 dollars (\$100.00) nor more than one thousand dollars (\$1,000.00) or  
21 be imprisoned for not more than six months, or both.

22 (b) Limitation of fees. No individual claiming benefits shall be  
23 charged fees of any kind in any proceeding under this chapter by the  
24 **[commission]** division or its representatives or by any court or any  
25 officer thereof. Any individual claiming benefits in any proceeding  
26 before the board of review or a court may be represented by counsel  
27 or other duly authorized agent; but no such counsel or agents shall  
28 either charge or receive for such services more than an amount  
29 approved by the board of review. Any person who violates any  
30 provision of this subsection shall, for each such offense, be fined not  
31 less than fifty dollars (\$50.00) nor more than five hundred dollars  
32 (\$500.00), or imprisoned for not more than six months, or both.

33 (c) No assignment of benefits; exemptions. Any assignment,  
34 pledge, or encumbrance of any right to benefits which are or may

**EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.**

**Matter underlined thus is new matter.**

1 become due or payable under this chapter shall be void; and such  
2 rights to benefits shall be exempt from levy, execution, attachment, or  
3 any other remedy whatsoever provided for the collection of debt; and  
4 benefits received by any individual, so long as they are not mingled  
5 with other funds of the recipient, shall be exempt from any remedy  
6 whatsoever for the collection of all debts except debts incurred for  
7 necessities furnished to such individual or his [spouse or] dependents  
8 during the time when such individual was unemployed. Any waiver  
9 of any exemption provided for in this subsection shall be void.

10 (d) Notwithstanding the provisions of subsection (c) of this  
11 section:

12 (1) an individual filing a new claim for unemployment  
13 compensation on or after January 1, 1997 shall, at the time of filing  
14 that claim, be advised in writing that:

15 (A) unemployment compensation is subject to federal income tax;

16 (B) requirements exist pertaining to estimated tax payments;

17 (C) the individual may elect to have federal income tax deducted  
18 and withheld from the individual's payment of unemployment  
19 compensation at the amount specified in the Internal Revenue Code;

20 (D) the individual shall be permitted to change a previously elected  
21 withholding status.

22 (2) amounts deducted and withheld from unemployment  
23 compensation pursuant to this subsection (d) shall remain in the  
24 unemployment compensation fund until transferred to the federal  
25 taxing authority as a payment of income tax;

26 (3) the commissioner shall follow all procedures specified by the  
27 United States Department of Labor and the Internal Revenue Service  
28 pertaining to the deducting and withholding of income tax;

29 (4) amounts shall be deducted and withheld pursuant to this  
30 subsection only after amounts are deducted and withheld for any  
31 overpayments of unemployment compensation, child support  
32 obligations, food stamp over issuances or any other amounts required  
33 to be deducted and withheld under federal law.

34 (cf: R.S. 43:21-15)

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36 2. This act shall take effect January 1, 1997.

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39 STATEMENT

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41 This bill amends the "unemployment compensation law" to comply  
42 with provisions of federal law regarding the voluntary withholding of  
43 federal income tax from unemployment compensation benefits.  
44 Although unemployment compensation benefits are currently subject  
45 to federal income tax, this bill would make the payment of such taxes  
46 more convenient for those taxpayers receiving benefits.

1 Pursuant to Pub.L. 103-465, (26 U.S.C. § 3304 and 3402(p)),  
2 formally entitled the "Uruguay Round Agreements Act," but more  
3 commonly known as the "General Agreement on Tariff and Trade" or  
4 "GATT," effective January 1, 1997, all states must advise individuals  
5 filing a new or continuing claim for unemployment compensation  
6 benefits that such benefits are subject to federal income tax.  
7 Moreover, all states must deduct and withhold Federal income tax  
8 from unemployment compensation benefits if the individual receiving  
9 such benefits voluntarily requests such deduction and withholding.

10 In addition, the bill further amends the "unemployment  
11 compensation law" to conform with federal regulations which hold that  
12 unemployment compensation may be garnished for child support  
13 payments, but not for spousal support.

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18 Concerns withholdings and deductions from unemployment  
19 compensation benefits.

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ASSEMBLY LABOR COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 2278**

**STATE OF NEW JERSEY**

DATED: SEPTEMBER 19, 1996

The Assembly Labor 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. Although unemployment compensation benefits are currently subject to federal income tax, this bill would make the payment of such taxes more convenient for those taxpayers receiving benefits.

Pursuant to Pub.L.103-465, (26 U.S.C. § 3304 and 3402(p)), formally entitled the "Uruguay Round Agreements Act," but more commonly known as the "General Agreement on Tariff and Trade" or "GATT," effective January 1, 1997, all states must advise individuals filing a new or continuing claim for unemployment compensation benefits that such benefits are subject to federal income tax. Moreover, all states must deduct and withhold Federal income tax from unemployment compensation benefits if the individual receiving such benefits voluntarily requests such deduction and withholding.

In addition, the bill further amends the "unemployment compensation law" to conform with federal regulations which hold that unemployment compensation may be garnished for child support payments, but not for spousal support.

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.