

HOUSE BILL NO. 1120

Introduced by

Representative Keiser

(At the request of Job Service North Dakota)

1 A BILL for an Act to amend and reenact section 52-06-30 of the North Dakota Century Code,
2 relating to voluntary withholding of federal income tax and state income tax from unemployment
3 compensation benefits; to provide an effective date; and to declare an emergency.

4 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

5 **SECTION 1. AMENDMENT.** Section 52-06-30 of the North Dakota Century Code is
6 amended and reenacted as follows:

7 **52-06-30. Assignment of benefits prohibited - Benefits exempt from remedies for**
8 **collection of debt - Exception.**

9 1. No assignment, pledge, or encumbrance of any right to benefits which are or may
10 become due or payable under the North Dakota Unemployment Compensation
11 Law is valid. Such rights to benefits are exempt from levy, execution, attachment,
12 or any other remedy ~~whatsoever~~ provided for the collection of a debt. Benefits
13 received by any individual, as long as they are not mingled with other funds of the
14 recipient, are exempt from any remedy ~~whatsoever~~ for the collection of all debts
15 except debts incurred for necessities furnished to ~~such the~~ individual, ~~his that~~
16 person's spouse, or dependents during the time when ~~such the~~ individual was
17 unemployed. No waiver of any exemption provided for in this ~~section~~ subsection is
18 valid. However, this ~~section~~ subsection does not impair the operation of
19 subsection 2 or section 52-06-06.1.

20 2. An individual filing a new claim for unemployment compensation benefits, at the
21 time of filing the claim, must be advised that:

22 a. Unemployment compensation is subject to federal income tax and state
23 income tax;

24 b. Requirements exist pertaining to estimated federal and state tax payments;

- 1 c. The individual may elect to have federal income tax deducted and withheld
2 from the individual's payment of unemployment compensation benefits at the
3 amount specified in the federal Internal Revenue Code;
- 4 d. The individual, having elected to have federal income tax withheld, may also
5 elect to have state income tax deducted and withheld from the individual's
6 payment of unemployment compensation at a rate determined by the tax
7 commissioner pursuant to section 57-38-59; and
- 8 e. The individual is permitted to change a previously elected withholding status.
9 Amounts deducted and withheld from unemployment compensation must
10 remain in the unemployment fund until transferred to the federal and state
11 taxing authority as payment of income tax. The bureau shall follow all
12 procedures specified by the United States department of labor, the federal
13 internal revenue service, and the tax commissioner pertaining to the
14 deducting and withholding of income tax. Amounts must be deducted and
15 withheld under this section only after amounts are deducted and withheld for
16 any overpayments of unemployment compensation, child support obligations,
17 or any other amounts required to be deducted and withheld under this
18 chapter.

19 **SECTION 2. EFFECTIVE DATE.** This Act becomes effective on January 1, 1997.

20 **SECTION 3. EMERGENCY.** This Act is declared to be an emergency measure.