

AN ACT concerning employment.

**Be it enacted by the People of the State of Illinois,
represented in the General Assembly:**

Section 5. The Unemployment Insurance Act is amended by changing Section 1300 as follows:

(820 ILCS 405/1300) (from Ch. 48, par. 540)

Sec. 1300. Waiver or transfer of benefit rights - Partial exemption.

(A) Except as otherwise provided herein any agreement by an individual to waive, release or commute his rights under this Act shall be void.

(B) Benefits due under this Act shall not be assigned, pledged, encumbered, released or commuted and shall be exempt from all claims of creditors and from levy, execution and attachment or other remedy for recovery or collection of a debt. However, nothing in this Section shall prohibit a specified or agreed upon deduction from benefits by an individual, or a court or administrative order for withholding of income, for payment of past due child support from being enforced and collected by the Department of Public Aid on behalf of persons receiving a grant of financial aid under Article IV of the Illinois Public Aid Code, persons for whom an application has been made and approved for child support enforcement services under Section 10-1 of such Code, or persons similarly situated and receiving like services in other states. It is provided that:

(1) The aforementioned deduction of benefits and order for withholding of income apply only if appropriate arrangements have been made for reimbursement to the Director by the Department of Public Aid for any administrative costs incurred by the Director under this Section.

(2) The Director shall deduct and withhold from benefits payable under this Act, or under any arrangement for the payment of benefits entered into by the Director pursuant to the powers granted under Section 2700 of this Act, the amount specified or agreed upon. In the case of a court or administrative order for withholding of income, the Director shall withhold the amount of the order.

(3) Any amount deducted and withheld by the Director shall be paid to the Department of Public Aid or the State Disbursement Unit established under Section 10-26 of the Illinois Public Aid Code, as directed by the Department of Public Aid, on behalf of the individual.

(4) Any amount deducted and withheld under subsection (3) shall for all purposes be treated as if it were paid to the individual as benefits and paid by such individual to the Department of Public Aid or the State Disbursement Unit in satisfaction of the individual's child support obligations.

(5) For the purpose of this Section, child support is defined as those obligations which are being enforced pursuant to a plan described in Title IV, Part D, Section 454 of the Social Security Act and approved by the Secretary of Health and Human Services.

(6) The deduction of benefits and order for withholding of income for child support shall be governed by Titles III and IV of the Social Security Act and all regulations duly promulgated thereunder.

(C) Nothing in this Section prohibits an individual from voluntarily electing to have federal income tax deducted and withheld from his or her unemployment insurance benefit payments.

(1) The Director shall, at the time that an individual files his or her claim for benefits that establishes his or her benefit year, inform the individual that:

(a) unemployment insurance is subject to federal, State, and local income taxes;

(b) requirements exist pertaining to estimated tax payments;

(c) the individual may elect to have federal income tax deducted and withheld from his or her payments of unemployment insurance in the amount specified in the federal Internal Revenue Code; and

(d) the individual is permitted to change a previously elected withholding status.

(2) Amounts deducted and withheld from unemployment insurance shall remain in the unemployment fund until transferred to the federal taxing authority as a payment of income tax.

(3) The Director shall follow all procedures specified by the United States Department of Labor and the federal Internal Revenue Service pertaining to the deducting and withholding of income tax.

(4) Amounts shall be deducted and withheld in accordance with the priorities established in rules promulgated by the Director.

(D) Nothing in this Section prohibits an individual from voluntarily electing to have State of Illinois income tax deducted and withheld from his or her unemployment insurance benefit payments ~~if such deduction and withholding is provided for pursuant to rules promulgated by the Director.~~

(1) ~~The~~ If ~~pursuant to rules promulgated by the Director, an individual may voluntarily elect to have State of Illinois income tax deducted and withheld from his or her unemployment insurance benefit payments, the~~ Director shall, at the time that an individual files his or her claim for benefits that establishes his or her benefit year, in addition to providing the notice required under subsection C, inform the individual that:

(a) the individual may elect to have State of Illinois income tax deducted and withheld from his or her payments of unemployment insurance ~~in the amount specified pursuant to rules promulgated by the~~

~~Director~~; and

(b) the individual is permitted to change a previously elected withholding status.

(2) Amounts deducted and withheld from unemployment insurance shall remain in the unemployment fund until transferred to the Department of Revenue as a payment of State of Illinois income tax.

(3) Amounts shall be deducted and withheld in accordance with the priorities established in rules promulgated by the Director.

(E) Nothing in this Section prohibits the deduction and withholding of an uncollected overissuance of food stamp coupons from unemployment insurance benefits pursuant to this subsection (E).

(1) At the time that an individual files a claim for benefits that establishes his or her benefit year, that individual must disclose whether or not he or she owes an uncollected overissuance (as defined in Section 13(c)(1) of the federal Food Stamp Act of 1977) of food stamp coupons. The Director shall notify the State food stamp agency enforcing such obligation of any individual who discloses that he or she owes an uncollected overissuance of food stamp coupons and who meets the monetary eligibility requirements of subsection E of Section 500.

(2) The Director shall deduct and withhold from any unemployment insurance benefits payable to an individual who owes an uncollected overissuance of food stamp coupons:

(a) the amount specified by the individual to the Director to be deducted and withheld under this subsection (E);

(b) the amount (if any) determined pursuant to an agreement submitted to the State food stamp agency under Section 13(c)(3)(A) of the federal Food Stamp Act of 1977; or

(c) any amount otherwise required to be deducted and withheld from unemployment insurance benefits

pursuant to Section 13(c)(3)(B) of the federal Food Stamp Act of 1977.

(3) Any amount deducted and withheld pursuant to this subsection (E) shall be paid by the Director to the State food stamp agency.

(4) Any amount deducted and withheld pursuant to this subsection (E) shall for all purposes be treated as if it were paid to the individual as unemployment insurance benefits and paid by the individual to the State food stamp agency as repayment of the individual's uncollected overissuance of food stamp coupons.

(5) For purposes of this subsection (E), "unemployment insurance benefits" means any compensation payable under this Act including amounts payable by the Director pursuant to an agreement under any federal law providing for compensation, assistance, or allowances with respect to unemployment.

(6) This subsection (E) applies only if arrangements have been made for reimbursement by the State food stamp agency for the administrative costs incurred by the Director under this subsection (E) which are attributable to the repayment of uncollected overissuances of food stamp coupons to the State food stamp agency.

(Source: P.A. 91-212, eff. 7-20-99; 91-712, eff. 7-1-00; 92-590, eff. 7-1-02.)