



Ohio Legislative Service Commission

Bill Analysis

Jennifer A. Parker

S.B. 193

128th General Assembly
(As Introduced)

Sens. Gibbs and Schuring, Jones, Schaffer, Cates, Buehrer

BILL SUMMARY

- Authorizes a \$2,400 income tax withholding remittance discount for an employer that hires during 2010 a lawfully employable individual previously unemployed for four weeks, retains the employee for 24 consecutive months, and pays the employee a wage at least equal to the average monthly unemployment compensation benefit.
- Requires the employer to use the federal government's E-verify system to determine the employee's lawful employability in the United States.

CONTENT AND OPERATION

Income tax withholding discount

(R.C. 5747.07, 5747.073, and 5747.15)

The bill authorizes a discount against the state and school district income tax an employer must remit to the state from employee withholdings. The discount is authorized for any employer that hires one or more employees during calendar year 2010 and employs them for 24 consecutive months. To qualify, an employee must be lawfully employable in the United States, must have been unemployed for the four consecutive weeks immediately before being hired, must have been paid compensation during those 24 months at least equal to the average monthly unemployment compensation benefit paid under Ohio law, and must have resided in Ohio during the employment.

The discount equals \$2,400 per qualifying employee and must be claimed for the partial weekly withholding period that includes the last day of the employee's 24th month of employment. The discount is not refundable, but any excess may be deducted from subsequent withholding remittances until fully utilized.

For each qualifying employee, the employer must execute an affidavit affirming its use of the federal government's "E-verify" system (or successor system) to verify the employee's lawful employability in the United States. (E-Verify is an internet-based system operated by the Department of Homeland Security and Social Security Administration that allows employers to verify the lawful employment eligibility of newly hired employees.) The affidavit must be made available for inspection by the Tax Commissioner.

Current law requires an employer to file an annual return disclosing the aggregate income tax withheld from employees for the year. The bill requires the employer to include with this return the name and social security number of each employee on the basis of whom, during the reporting year or the preceding reporting year, a discount was claimed. The employer is required to state the date the employee satisfied the conditions for the discount and the amount of any discount carried forward from the preceding reporting year.

COMMENT

If a discount is claimed, not all amounts withheld from employees' wages will be remitted to the state. The bill does not specify whether employees are considered to have paid their proportionate share of the income tax withholding not remitted for purposes of their annual state or school district income tax return.

HISTORY

ACTION	DATE
Introduced	10-27-09

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