

Durbin Introduces Bill To Give Unemployed Americans Tax Relief

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WASHINGTON – U.S. Senator Dick Durbin (D-IL) introduced the *Coronavirus Unemployment Benefits Tax Relief Act*, a bill that would provide additional financial relief to unemployed Americans during the COVID-19 pandemic by temporarily excluding the first \$10,200 of unemployment compensation from federal income taxes for tax year 2020. This amount is equal to 17 weeks of the now-expired \$600 per week federal enhanced benefits included in the *Coronavirus Aid, Relief, and Economic Security (CARES) Act*. Currently, unemployment compensation is subject to income tax at the federal level and in many states.

“In July, Senate Republicans refused to extend the \$600 per week enhanced benefit to workers on state and federal unemployment compensation programs. Since this lifeline ended, many families across the country are struggling to keep a roof over their head and food on the table, and to pay for health care and other necessities. As we grapple with the economic consequences of this pandemic, the bill I’m proposing would provide tax relief to unemployed Americans so they can spend their benefits to support their families and their communities,” Durbin said.

As of September 5, more than 26 million Americans nationwide were claiming some form of unemployment benefits. In August, the nationwide unemployment rate fell to

8.4 percent, but the economy has still lost more than 11 million jobs during the COVID-19 pandemic. Unemployment rates for Black and Hispanic workers remained in the double digits in August.

As of mid-September, nearly 1.7 million regular unemployment claims and about 365,000 Pandemic Unemployment Assistance claims have been filed in Illinois since the beginning of March. Additionally, about 85,000 claims have been filed for Pandemic Emergency Unemployment Compensation and more than 20,000 claims have been filed for Extended Benefits in Illinois. The Illinois unemployment rate was 11 percent in August.

“Tens of millions of people have had to wait weeks or even months to begin receiving urgently needed unemployment insurance. Workers had to immediately spend every penny catching up on bills as soon as they received their first check. Workers and families are struggling to survive on meager UI benefits, which were gutted in many states following the last recession, particularly in states with the largest populations of Black, Latinx, and Indigenous workers. Adding the tax burden makes these poverty-level payment amounts even less adequate. While states are required to give workers the option to withhold taxes from regular unemployment insurance, not all states have offered that option for Pandemic Unemployment Assistance. Workers need relief immediately in order to avoid a harsh burden at tax time next year. NELP thanks Senator Durbin and his staff for their work to prioritize the needs of unemployed workers,” said Rebecca Dixon, Executive Director, National Employment Law Project.

The *Coronavirus Unemployment Benefits Tax Relief Act* is cosponsored by Senators Tammy Baldwin (D-WI), Debbie Stabenow (D-MI), Jack Reed (D-RI), and Mazie Hirono (D-HI).