

Michaud Introduces Tax Relief Bill to Help Workers get through Tough Economic Times

Tuesday, December 09 2008

WASHINGTON, DC

- Today, Congressman Mike Michaud reintroduced the Workforce Fairness and Tax Relief Act, legislation that would ensure that dislocated workers are not federally taxed on their unemployment benefits. The legislation also expands penalty-free withdrawals from retirement plans (401k) during periods of unemployment for any employee, and makes certain severance packages that are due to employment termination tax-free.

WASHINGTON, DC

- Today, Congressman Mike Michaud reintroduced the Workforce Fairness and Tax Relief Act, legislation that would ensure that dislocated workers are not federally taxed on their unemployment benefits. The legislation also expands penalty-free withdrawals from retirement plans (401k) during periods of unemployment for any employee, and makes certain severance packages that are due to employment termination tax-free.

"During this economic downturn, many of the unemployed workers in our country are receiving unemployment benefits for the very first time, and those resources are quickly becoming exhausted. The assistance is rarely enough to meet the bills," said Michaud.

"To make matters worse, for those receiving unemployment insurance benefits, their checks are subject to federal taxation, making whatever federal relief they receive that much more inadequate. Under the Workforce Fairness and Tax Relief Act, this federal taxation burden would be lifted for those receiving assistance to help them during these difficult times."

Under this legislation, any dislocated worker receiving unemployment insurance benefits assistance after December 31, 2008 would see that federal tax wiped out altogether.

The Workforce Fairness and Tax Relief Act would also make certain severance packages due to employment termination tax free if the amount is \$10,000 or less. If the severance package is between \$10,000 and \$20,000, taxation would be reduced on a proportional basis.

The legislation also allows individuals who receive the Health Care Tax Credit under the Trade Adjustment Assistance (TAA) Act to be reimbursed or given advance credit for 100 percent of their health care costs. Currently, TAA beneficiaries are eligible for a health care tax credit of up to 65 percent.

"This legislation, while an important step forward in providing workers with much-needed relief, is by no means the long-term solution for job creation," Michaud said. "We clearly need real action at the national level to start creating jobs again. We need to pass a strong economic recovery package. We also need to focus on long-term changes that can make a real difference in our economy, like fixing flawed trade policies that have crippled our job base and accelerated the rush of jobs overseas. If we create a level playing field, our businesses and our workers can better compete in world markets."

"As a millworker at the Great Northern Paper Company in East Millinocket for 30 years, I know the anxiety of seeing job loss all around you. I know how the many Americans who have watched their jobs shipped overseas must be feeling right now. It is a disturbing reality for too many Americans," Michaud explained.

#