

## **Cuts Government Spending By Ending UI for Millionaires**

### **Overview**

- Under the Middle Class Tax Relief & Job Creation Act, millionaires would effectively be prevented from receiving unemployment compensation.
- Taxpayers with adjusted gross income (AGI) beginning at \$750,000 (\$1,500,000 in the case of a joint return), would have to start paying back a portion of unemployment compensation they received. At an AGI of \$1 million or more (\$2 million in the case of a joint return), taxpayers would be required to pay back ALL of the unemployment compensation they received.
- The provision – which is similar to other provisions in the proposal establishing means-testing for millionaires seeking government benefits – helps ensure that benefits are targeted to those in greatest need.

### **Background**

Under current law, there are no income tests for eligibility for unemployment compensation, and unemployment compensation is treated as ordinary income for Federal income tax purposes. However, unemployment benefits are based on taxable wages, and states have established various limits on the amount of taxable wages used in determining benefit amounts. In 2011, those amounts ranged from the first \$7,000 of taxable wages (four states) to the first \$37,300 of taxable wages (Washington).

### **By The Numbers**

- According to the Joint Committee on Taxation (JCT), this provision would, on net, reduce Federal deficits by \$20 million over 2012-2021.