
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE RESOLUTION

No. 223 Session of
2011

INTRODUCED BY TRUITT, BOYD, CLYMER, CUTLER, MILLER, SCHRODER AND
VULAKOVICH, APRIL 20, 2011

REFERRED TO COMMITTEE ON FINANCE, APRIL 20, 2011

A CONCURRENT RESOLUTION

1 Urging the Congress of the United States to reexamine the
2 Federal Unemployment Tax Act as it relates to corporate
3 officers.

4 WHEREAS, The Federal Unemployment Tax Act (FUTA) (Public Law
5 99-514, 26 U.S.C. Ch. 23) requires that every employer pay an
6 excise tax of 6.2% on the first \$7,000 of total wages paid to
7 each employee; and

8 WHEREAS, FUTA includes corporate officers within the scope of
9 covered employment by defining these persons as an "employee" of
10 a corporation in section 3121(d)(1) of the Internal Revenue Code
11 of 1986 (Public Law 99-514, 26 U.S.C. § 3121(d)(1)); and

12 WHEREAS, Pennsylvania employers, including corporate
13 officers, can, to the extent provided by law, take a tax credit
14 against the FUTA tax of the unemployment contributions which
15 were paid into the Unemployment Compensation Fund; and

16 WHEREAS, FUTA establishes that employers may take a maximum
17 credit of 5.4% against the FUTA tax; and

18 WHEREAS, After the offset credit is applied, Pennsylvania

1 employers that pay into the Unemployment Compensation Fund are
2 left to pay 0.8% FUTA tax on the first \$7,000 in wages paid to
3 each employee; and

4 WHEREAS, The act of December 5, 1936 (2nd Sp.Sess., 1937
5 P.L.2897, No.1), known as the Unemployment Compensation Law,
6 requires that corporate officers pay unemployment compensation
7 taxes, although they generally are not eligible to collect
8 unemployment compensation benefits should they become
9 unemployed; and

10 WHEREAS, Pennsylvania corporate officers have expressed
11 frustration because they are required to pay into the
12 Unemployment Compensation Fund but are subsequently denied
13 unemployment benefits when they become unemployed; and

14 WHEREAS, The payment of unemployment compensation taxes is
15 especially burdensome for small, incorporated businesses; and

16 WHEREAS, Exempting Pennsylvania corporate officers from State
17 unemployment contribution liability would be futile because such
18 officers would then be required to pay the full 6.2% FUTA tax on
19 their wages instead of the net 0.8% rate normally paid with the
20 5.4% offset credit permitted for State unemployment taxes paid;
21 and

22 WHEREAS, Such an exemption would not provide any real tax
23 relief to corporate officers, but would merely result in the
24 Federal Government benefiting from additional tax revenue at the
25 expense of the Unemployment Compensation Fund; therefore be it

26 RESOLVED (the Senate concurring), That the General Assembly
27 of the Commonwealth of Pennsylvania urge the Congress of the
28 United States to reexamine the Federal Unemployment Tax Act
29 (Public Law 99-514, 26 U.S.C. Ch. 23) as it relates to corporate
30 officers and reevaluate the need for such a tax; and be it

1 further

2 RESOLVED, That copies of this resolution be transmitted to
3 the presiding officers of each house of Congress and to each
4 member of Congress from Pennsylvania.