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Don't miss this month's insights— [Be aware of state rules governing the payment of deceased employees' wages](#)

Top stories

Our 2024 edition of US employment tax rates and limits includes, as of June 25, 2024, the following:

- Social Security wage base for 2024
- Qualified pension plan limits for 2023 and 2024
- Health Savings Account limits for 2023 and 2024
- Fringe-benefit inflation adjustments and Form W-2 penalties for 2024
- Federal mileage rates and luxury vehicle limits for 2024
- Per diem rates under high-low substantiation method for 2024
- 2022 and 2023 FUTA credit reduction
- State unemployment insurance wage bases and tax rates for 2024
- Disability and paid family leave insurance wage base and rates for 2024
- Federal income tax withholding for 2024
- State income tax withholding tables, supplemental withholding, and the highest withholding tax rates for 2024

—[Download the latest report](#)

Federal and state Form W-4 compliance

Now that most employees have filed their 2023 personal income tax returns, employers can expect an increase in withholding tax questions and a rise in adjustments to federal and state withholding allowance certificates (e.g., federal Form W-4).

Our special report provides information employers need to know about federal and state Form W-4 compliance, with topics including:

- IRS Form W-4 regulations
- Compliance with IRS lock-in letters
- Federal Form W-4 top 10 tips
- Federal Form W-4 frequently asked questions
- Special instructions for US nonresident aliens

- State Form W-4 compliance in 2024
 - 2024 State Form W-4 requirements survey
 - 2024 state Form W-4 requirements heat map
- [Download the latest report](#)

Report on state unemployment insurance requirements for employee notices and workplace posters updated through June 2024

Most states require that employers tell employees about their potential eligibility for unemployment insurance benefits. There are two forms of communications that most states require: (1) a notice to the employee at the time of separation and/or (2) a poster placed in a conspicuous location in the workplace.

Our special report includes the results of our May 2024 survey of state workforce agency websites and includes links, if applicable, to the states' requirements for unemployment insurance employee separation notices and workplace posters.

—[Download the latest report](#)

Federal developments

US Supreme Court overrules Chevron deference to agency regulations

In *Loper Bright Enterprises v. Raimondo*, No. 22-451 (June 28, 2024), a majority of the US Supreme Court overturned the 40-year precedent in *Chevron U.S.A. Inc v. Natural Resources Defense Council, Inc.*, 467 U.S. 837 (1984), which had been a mainstay precedent instructing courts to defer to the decisions of federal agencies when a statute is ambiguous. In place of the so-called *Chevron deference*, the majority opinion in *Loper Bright* held that courts must exercise their independent judgment when interpreting statutory language.

—[Read more about in in Tax Alert 2024-1432](#)

State income tax withholding

Arkansas law lowers personal income tax rate retroactive to January 1, 2024

On June 19, 2024, Arkansas Governor Sarah Huckabee Sanders signed into law [S.B. 1](#), which retroactive to January 1, 2024, lowers the state's personal income tax rate from 4.4% to 3.9%. The Arkansas Department of Finance and Administration [projects](#) that individual taxpayers will save \$384 million in 2025 and \$256 million in 2026.

—[Read more about in in Tax Alert 2024-1256](#)

Arkansas releases revised income tax withholding formula for immediate use

The Arkansas Department of Finance and Administration [announced](#) that it has released updated state income tax [withholding tables](#) and a [computer formula](#) that employers are required to implement immediately.

—[Read more about in in Tax Alert 2024-1466](#)

Kansas law lowers personal income tax rates retroactive to January 1, 2024

Kansas Governor Laura Kelly signed into law [S. 1](#), which retroactive to January 1, 2024, reduces the personal income tax brackets from three to two with the highest tax rate lowered from 5.7% to 5.58%. The law also increases the personal exemption and standard deductions.

—[Read more about in in Tax Alert 2024-1459](#)

South Carolina law lowers top marginal personal income tax rate retroactive to January 1, 2024

Governor Henry McMaster approved [H. 5100](#), which retroactive to January 1, 2024, lowers the top marginal personal income tax rate from 6.4% to 6.2% with graduated decreases over the next four years until the top tax rate reaches 6.0%. The tax cut is part of the [2024-25 state budget](#).

—[Read more about in in Tax Alert 2024-1390](#)

State and local payroll developments

Duluth, Minnesota repeals Earned and Safe Time ordinance

For information purposes only. Employers should consider seeking the assistance of experienced employment law attorneys before implementing policy changes.

The Duluth City Council [announced](#) that because Minnesota's statewide Earned Sick and Safe Time (ESST) law went into effect January 1, 2024, it has repealed its [local ESST ordinance](#).

—[Read more about in in Tax Alert 2024-1327](#)

New York Waterfront Commission announces payroll assessment rate

The New York Waterfront Commission [announced](#) that the payroll assessment rate for July 1, 2024 to June 30, 2025, is 1.6% and is applicable to quarterly assessments due October 15, 2024; January 15, 2025; April 15, 2025; and July 15, 2025. The maximum payroll assessment allowed under the law is 2.0%.

—[Read more about in in Tax Alert 2024-1401](#)

Virginia Governor vetoes legislation that would have established state paid family and medical leave insurance program

Virginia Governor Glenn Younkin vetoed [S.B. 373](#), which effective January 1, 2026, would have established a state paid family and medical leave (PFML) insurance program to be administered by the Virginia Employment Commission (VEC). Under the program, the PFML contribution cost, as determined by the VEC, would have been shared equally between employers and employees.

—[Read more about in in Tax Alert 2024-1438](#)

Bill watch (tracking the status of legislation proposed in 2024)

Georgia

HB 1015	Status: Signed into law 4-18-2024	Topic: Personal income tax rates
Retroactive to January 1, 2024, lowers the personal income tax rate from 5.49% to 5.39%. Effective January 1, 2025, reduces the tax rate by 0.10% annually if certain revenue benchmarks are met until the rate reaches 4.99%. Although the tax rate applies for the entire 2024 tax year, it does not go into effect until July 1, 2024.		

Illinois

SB 2981	Status: Failed to pass before legislature adjourned on 5-29-2024	Topic: Personal income tax on overtime pay
Would, effective immediately, create a deduction of the amount of any overtime wages paid to the taxpayer during the tax year.		

Iowa

HF 2638	Status: Failed to pass before legislature adjourned on 4-20-2024	Topic: Taxation of nonqualified deferred comp
Would exclude nonqualified deferred compensation income from individual income tax retroactive to January 1, 2023.		

Iowa

SF 2442	Status: Signed into law 5-1-2024	Topic: Personal income tax rate
Accelerates the personal income tax rate reduction from 3.9% to 3.8% starting in 2025, rather than in 2026.		

Kansas

SB 1	Status: Signed into law 6-20-2024	Topic: Personal income tax rate
Retroactive to January 1, 2024, establishes a two-bracket income tax with tax rates of 5.2% and 5.58%. The previous three-bracket income tax rates were 3.1%, 5.2% and 5.7%.		

Kansas

HB 2284	Status: Governor vetoed (1-29-2024) Veto sustained (2-20-2024)	Topic: Income tax rate
Would have, among other things, implemented a flat tax of 5.25%, exempted Social Security benefits from state income tax and increased the standard deduction by a cost-of-living adjustment.		

Kansas

HB 2420	Status: Died in House committee (4-30-2024)	Topic: Nonresident income tax, de minimis exception
Would exempt nonresident employees performing work in Kansas from income tax for the first 30 days.		

Kentucky

HB 537	Status: Failed to pass before legislature adjourned on 4-14-2024	Topic: Bereavement leave
Effective 90 days after the legislature adjourns, would require that employers provide up to 10 days of bereavement leave (with a minimum of three days paid) following the death, miscarriage or stillbirth of the employee's child or the death of a dependent or other immediate family member of the employee.		

Maine

LD 1231	Status: Maine legislature unable to overcome Governor's veto	Topic: Personal income tax
Effective January 1, 2025, would have created three additional tax brackets to increase taxes paid by high-income earners.		

Mississippi

HB 224	Status: Died in Ways and Means Committee (3-27-2024)	Topic: Personal income tax on overtime pay
Would exclude overtime compensation from gross income effective January 1, 2024.		

Missouri

HB 2315	Status: Failed to pass before legislature adjourned 5-30-2024	Topic: Personal income tax on overtime pay
Would authorize an income tax subtraction for work in excess of 40 hours in the workweek.		

New Jersey

AB 2621	Status: Referred to Assembly Labor Committee (1-9-2024)	Topic: Personal income tax on overtime pay
Would exclude the overtime pay of certain employees from gross income tax.		

New Jersey

AB 3816	Status: Introduced, referred to Assembly Labor Committee (2-22-2024)	Topic: Bereavement leave
Effective immediately, would expand the current family and medical leave law to include leave due to death of a child or the miscarriage or stillbirth of a child.		

Ohio, Cincinnati

A Vision for the Future of Cincinnati p. 67	Status: The Cincinnati Futures Commission recommended modest hike in city's earnings (April 2024)	Topic: City earnings tax
Recommends a 0.15% increase to the City's earnings tax, bringing the adjusted rate to 1.95%. The Cincinnati City Council will need to vote to put the increase on the November 2024 ballot.		

Pennsylvania

H.B. 2388	Status: Referred to Finance (6-5-2024)	Topic: State Personal income tax
Effective July 1, 2024, would reduce the personal income tax rate from 3.07% to 2.8%.		

Pennsylvania

H.B. 181	Status: Laid on the table for later consideration (4-17-2024)	Topic: State paid family and medical leave insurance
Effective 180 days after enactment, would establish a state paid family and medical leave insurance program with contributions, yet to be determined, to be paid 50% by employers and 50% by employees (employers with fewer than 15 employees are not subject to the 50% contribution amount).		

Rhode Island

S. 2355	Status: Failed to pass before legislature adjourned (6-14-2024)	Topic: Personal income tax
Effective January 1, 2026, would impose a personal income tax surtax of 3% on taxable income over \$1 million.		

South Carolina

HB 4811	Status: Failed to pass before legislature adjourned (5-9-2024)	Topic: Personal income tax on overtime pay
Would exclude overtime income from personal income tax.		

Wisconsin

AB 938	Status: Failed to pass in Senate (4-15-2024)	Topic: Personal income tax on overtime pay
Would exclude overtime income and certain bonuses from personal income tax.		

West Virginia

HB 5296	Status: Failed to pass before legislature adjourned 3-9-2024	Topic: Personal income tax on overtime pay
Would exclude overtime income from personal income tax for three years.		

This month's insights

Be aware of state rules governing the payment of deceased employees' wages

For information purposes only. Employers should consider seeking the assistance of experienced employment law attorneys before implementing policy changes.

All wages and other monetary benefits owed to a deceased employee can automatically become property of the employee's estate, thereby subjecting it to complex state probate procedures of the employee's state of residence.

These probate procedures can delay payment to closely related survivors. Accordingly, in lieu of paying final wages to the estate of the deceased employee, many states allow employers to make direct payment to designated relatives, such as the surviving spouse or children. Direct payment to designated beneficiaries is often subject to restrictions, in particular, a dollar limit and/or disclosures by beneficiaries prior to accepting payment.

For example, Connecticut allows employers to make direct payment of up to \$40,000 of a deceased employee's wages to a surviving spouse, or if no surviving spouse, any of the decedent's next of kin. ([Conn. Gen. Stat. Section 45a-273.](#))

Texas allows direct payment only to the decedent's spouse if the surviving spouse provides the employer with a signed and notarized affidavit that states both:

- The person swearing under oath (the affiant) is the employee's surviving spouse
- No person has qualified as an executor of the will or is an administrator of the employee's estate ([Texas Comptroller of Public Accounts, Payment of Final Wages to the Estates of Deceased Employees](#))

Employers should develop policies concerning the payment of deceased employees' wages with the assistance of qualified legal advisors. These procedures should include all elements of information beneficiaries must provide before payments are made.

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