HB 242

Department of Fiscal Services

Maryland General Assembly

FISCAL NOTE

House Bill 242 (Delegate Gordon, et al.)
Economic Matters

Unemployment Insurance - Successor Businesses

This bill provides that a successor employer may choose either the experience and contribution rate of the predecessor employer, or be considered a new employer and be assigned a contribution rate as a new employer for the first two years after the acquisition of the business. Additionally, the taxable wages of the business can be transferred to the successor employer only if the benefit charges are also transferred.

Fiscal Summary

State Effect: None.

Local Effect: None.

Unemployment Insurance Trust Fund: Revenues could decrease marginally. Expenditures are not affected.

Fiscal Analysis

Unemployment Insurance Trust Fund: Revenues could decrease slightly if successor employers choose lower contribution rates as allowed by this bill. Any decrease in revenues due to more employers paying their earned rate of contribution cannot be reliably estimated at this time but is expected to be minimal because there are only an estimated 2,000 successor employers annually. This bill would allow a new employer to use the previous owner's taxable wage base upon purchasing the business, if the previous owner had already satisfied the employer contribution requirement for that year. Under current law, a new employer who does not pay a contribution tax in the first year of business would be assigned the new employer rate in the second year and the standard rate in the third, a much higher rate.

Information Source(s): Department of Labor, Licensing and Regulation; Department of Fiscal Services

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