

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE  
Revised

Senate Bill 801 (Senator Derr)  
Finance

Referred to Economic Matters

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**Unemployment Insurance - Exemption from Covered Employment - Newspaper  
Distribution**

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This amended bill provides that the work performed by an individual engaged in the trade or business of delivering or distributing newspapers or shopping news is not covered employment for unemployment insurance purposes, if the Secretary of Labor, Licensing, and Regulation (DLLR) is satisfied that the individual meets the other existing criteria for a direct seller under the unemployment insurance statute.

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**Fiscal Summary**

**State Effect:** None.

**Local Effect:** None.

**Unemployment Insurance Trust Fund:** Minimal or no effect on the trust fund. Because of the relatively limited number of employers covered by the bill, it is estimated that the bill would have an insignificant impact on the Unemployment Insurance Trust Fund.

**Small Business Effect:** Potential minimal impact for small newspaper distribution and delivery businesses. The bill authorizes DLLR to exempt individuals in the business of delivering or distributing newspapers as covered employees for unemployment insurance purposes. While a high percentage of businesses in this industry are small businesses, the cost of the unemployment insurance is relatively low.

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## Fiscal Analysis

**Background:** The bill will align State unemployment insurance law with the Federal Unemployment Tax Act (FUTA) with respect to newspaper distributors. This section of the FUTA was amended by the Small Business Job Protection Act of 1996 (SBJPA), enacted on August 20, 1996. The provisions of SBJPA concerning direct sellers is effective with respect to services performed after December 31, 1995. This bill would align State law with the SBJPA with regard to rate determinations by its retroactive effect to January 1, 1996. Workers who apply for unemployment insurance benefits between that date and the bill's effective date of October 1, 1997 and who would otherwise be covered by the bill would still be eligible for unemployment insurance benefits.

Several Maryland newspaper distributors were audited by the State Office of Unemployment Insurance in 1993 and were held to be employees of the newspapers' publishers. These audits are currently before the Board of Appeals.

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

**Fiscal Note History:** First Reader - February 17, 1997  
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