

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

House Bill 206 (Delegate Cardin)
Economic Matters

Unemployment Insurance - Disqualification - Imprisonment for Felony Conviction

This bill disqualifies an individual from receiving unemployment insurance (UI) benefits if the individual becomes voluntarily unemployed to serve a sentence of imprisonment for a felony conviction.

Fiscal Summary

Unemployment Insurance Trust Fund (UITF): The bill applies to a very limited number of UI claimants. The impact on the UITF is insignificant.

State Effect: The Department of Labor, Licensing, and Regulation (DLLR) can implement the bill with existing budgeted resources.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: A disqualification for UI benefits is imposed if an individual voluntarily leaves employment to become self-employed; attend an educational institution; or accompany a spouse to a new location or joins a spouse in a new location unless the spouse serves in the U.S. military; is a civilian employee of the military; or an employee of a federal agency involved in military operations and is required to relocate.

If good cause for voluntarily leaving work does not exist, an individual is disqualified from receiving UI benefits until the individual is reemployed; has earned wages that cover 15 times the weekly UI benefit amount; and loses the subsequent employment through no fault of his or her own. If a valid circumstance does exist, an individual is disqualified from receiving unemployment insurance benefits for at least 5 but not more than 10 weeks after the last work day, based on the seriousness of the circumstances.

Background: Unemployment benefits are funded through Maryland employers' State unemployment insurance taxes. All private business employers and nonprofit employers employing one or more persons, at any time, are subject to the Maryland Unemployment Insurance Law. Legislation enacted in Maryland in 2005 (Chapter 169) altered Maryland's UI charging and taxation system by creating a series of experience tax rate tables that are based on the balance in the Maryland UITF. An employer's unemployment experience determines the rate charged within each of the six tables.

In order to qualify for UI benefits an individual must be able to work, available for work, and actively seeking work. UI benefits are calculated based on wages during the first four of the last five completed calendar quarters preceding when an individual makes a first claim for UI benefits. The most recently worked quarter is not considered when determining a UI benefit payment. A benefit year is defined in current law as beginning the first day of the first week for which an individual first files a claim for UI benefits. If an individual already has had a benefit year, the benefit year begins on the first day of the first week for which the individual files a claim for benefits after the termination of the preceding benefit year.

Unemployment Insurance Trust Fund: Expenditures from UITF for benefit payments may decrease by a negligible amount, as individuals voluntarily leaving employment to serve a prison sentence are disqualified from receiving UI benefits. Revenues from employer chargebacks may also decrease by a negligible amount. As advised by DLLR, the occurrence that such an individual may receive benefits under current law is relatively rare. Under current law an individual who voluntarily leaves employment to serve a prison sentence, becomes reemployed within the base period after leaving prison, and subsequently becomes unemployed without fault, may in some circumstances qualify for UI benefits. Depending on the timing, a portion of those UI benefits would be charged to the original employer.

State and Local Fiscal Effect: The State and local governments reimburse UITF for benefits charged. To the extent the bill results in more UI claimants being disqualified from receiving benefits State and local expenditures to reimburse UITF decrease. The number of claimants that will be disqualified as a result of the bill is negligible.

Small Business Effect: Employer UI contributions may decrease as individuals who voluntarily leave employment to serve a prison sentence are disqualified from receiving UI benefits. Overall the impact is negligible due to the rare occurrence that such an individual may qualify for benefits under current law. However, on an individual basis it may reduce UI contributions greatly for a business that has such an occurrence happen.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Judiciary (Administrative Office of the Courts); Department of Labor, Licensing, and Regulation; Department of Legislative Services

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