

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

Senate Bill 60

(Chair, Finance Committee)(By Request - Departmental -
Labor, Licensing and Regulation)

Finance

Economic Matters

Unemployment Insurance - Administration of Claims - Changes to Withholding Status

This departmental bill removes the restriction on the number of times per year a claimant receiving unemployment insurance benefits may change a previously elected tax withholding status.

Fiscal Summary

State Effect: None. The Department of Labor, Licensing, and Regulation (DLLR) has procedures in place that will allow additional withholding requests to be processed without affecting agency expenditures.

Local Effect: None.

Small Business Effect: DLLR has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Current Law: Unemployment insurance benefits are subject to federal, State, and local income tax. Individuals filing a new claim for unemployment insurance benefits must be advised of this obligation and must be advised that the individual may elect to have the Secretary of Labor, Licensing, and Regulation deduct federal and State income taxes from the individual's benefit payments. A claimant must also be advised that a previously elected withholding status may be changed once during each benefit year.

Background: Unemployment insurance provides temporary, partial wage replacement benefits to individuals who are unemployed through no fault of their own and who are able to work, available to work, and actively seeking work. Both the federal and state governments have responsibilities for unemployment compensation. The U.S. Department of Labor oversees the unemployment insurance system, while each state has its own program that is administered pursuant to state law by state employees. Each state has laws that prescribe the tax structure, qualifying requirements, benefit levels, and disqualification provisions. These laws must, however, conform to broad federal guidelines.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - January 21, 2011
mc/rhh

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Unemployment Insurance – Administration of Claims – Changes to Withholding Status

BILL NUMBER: SB 60

PREPARED BY: Department of Labor, Licensing, and Regulation

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.