

Article - Labor and Employment

§8-609.

(a) (1) In this section the following terms have the meanings indicated.

(2) “Employer industry category” means the 6–digit North American Industry Classification System promulgated by the Federal Office of Management and Budget.

(3) “New employer” means an employing unit that does not qualify for an earned rate under § 8–610 of this subtitle.

(b) A new employer shall pay contributions at a rate that does not exceed 2.6% of the taxable wage base, and that is the highest of:

(1) 1% of the taxable wage base;

(2) the 5–year benefit cost rate of the State as computed under subsection (c) of this section; or

(3) the contribution rate under § 8–612 of this subtitle that applies to an employing unit with a benefit ratio of 0.000.

(c) Annually, the Secretary shall compute the 5–year benefit cost rate of the State by dividing the sum of regular benefits, work sharing benefits, and 50% of extended benefits that the State paid during the 5 consecutive calendar years immediately preceding the computation date by the total amount of wages that employing units in the State paid during the same period that were subject to contributions.

(d) (1) In this subsection, “foreign contractor” means a person:

(i) who, for a commission or fixed price bids on, accepts, or offers to accept orders or contracts for performing or superintending construction, removal, repair, or improvement of any building or structure that is permanently annexed to real property that is owned, controlled, or leased by another person; and

(ii) all or a majority part of whose primary operations traditionally have been and continue to be based or headquartered in another state and are not controlled or directed from this State.

(2) The contribution rate for a new employer who is a foreign contractor shall be the average of the rates for employers in the State in the same employer industry category as the foreign contractor, except that the rate may not be lower than the new employer rate in effect for that year.