

Article - Labor and Employment

§8-618.

(a) This section applies to each not for profit organization that makes an election.

(b) Within 30 days after the effective date of an election, a not for profit organization, as collateral:

(1) shall execute and submit to the Secretary a surety bond that the Secretary approves; or

(2) subject to the approval of the Secretary, shall deposit with the Secretary an irrevocable letter of credit, money, or security.

(c) (1) If a not for profit organization has taxable wages for the preceding calendar year that equal or exceed 25 times the taxable wage base in effect for that calendar year, the amount of collateral required under this section shall equal 5.4% of the taxable wages paid by the not for profit organization for covered employment for the 4 calendar quarters immediately preceding the most recent of the following:

(i) the effective date of the election;

(ii) the biennial anniversary of the effective date of the election if the collateral is other than a bond; or

(iii) the renewal date of a bond if the collateral is a bond.

(2) If a not for profit organization has taxable wages for the preceding calendar year that are less than 25 times the taxable wage base in effect for that calendar year, the amount of collateral required under this section shall equal 2.7% of the taxable wages paid by the not for profit organization for covered employment for the 4 calendar quarters immediately preceding the most recent of the following:

(i) the effective date of the election;

(ii) the biennial anniversary of the effective date of the election if the collateral is other than a bond; or

(iii) the renewal date of a bond if the security is a bond.

(3) If the not for profit organization did not pay wages in all 4 calendar quarters used to calculate the amount of security, the Secretary shall determine the amount.

(d) (1) A bond submitted under this section shall be effective for at least 2 calendar years.

(2) While an election is in effect:

(i) renewal of the bond is subject to approval by the Secretary; and

(ii) the effective period of the bond shall be at least 2 years and may be longer if the Secretary so allows.

(e) (1) Subject to paragraph (2) of this subsection, the Secretary may require an adjustment in the amount of a bond that the Secretary already has approved, but the new amount may not be less than the average cost of benefits that are attributable to covered employment for the employing unit for the preceding 2 calendar years.

(2) The amount of a bond after adjustment shall be the average of reimbursement payments that a not for profit organization made in each of the 2 preceding calendar years, but the amount may not exceed the maximum rate of contribution under this subtitle times the taxable wage base of the not for profit organization for the last calendar year.

(3) If the Secretary requires an adjustment under this subsection, the Secretary shall mail notice of the required adjustment to the not for profit organization at its last known address or otherwise deliver notice.

(4) If the Secretary requires an increase in the amount of a bond, the not for profit organization shall submit the adjusted bond to the Secretary within 30 days after the date that notice of the required adjustment was mailed or otherwise delivered to the not for profit organization.

(f) If a not for profit organization that is covered by a bond fails to pay the full amount of a reimbursement payment when due, together with any applicable interest and penalties required under this subtitle, the surety shall be liable on the bond to the extent of the bond as if the surety was the not for profit organization.

(g) (1) The Secretary shall deposit money or other security submitted under this section in an escrow account.

(2) When a not for profit organization is no longer liable for reimbursement payments, the Secretary shall return to it the collateral other than a bond less any deduction allowed in this section.

(h) (1) At any time, the Secretary may review the adequacy of the deposit of money or securities under this section.

(2) If, as a result of a review, the Secretary determines that an adjustment is necessary, the Secretary shall:

(i) require the not for profit organization to make an additional deposit within 30 days of a written notice of the determination of the Secretary; or

(ii) return to the not for profit organization that portion of the deposit that the Secretary no longer considers necessary.

(3) Disposition of income from securities held in escrow shall be governed by the applicable provisions of State law.

(i) (1) The Secretary may make a deduction from an escrow account or sale of a security necessary to satisfy:

(i) a payment in lieu of contributions that is due and unpaid; and

(ii) any applicable interest or penalty allowed under Part IV of this subtitle.

(2) Within 30 days after a deduction of money or sale of a security under this subsection, a not for profit organization shall submit to the Secretary money or securities sufficient to return the escrow account to its level before the deduction.

(3) Any cash remaining from the sale of securities shall be part of the escrow account of the not for profit organization.