

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 135

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

Economic Matters

Finance

**Unemployment Insurance - Electronic Transmission of Information and
Documents - Authority**

This departmental bill authorizes the Department of Labor, Licensing, and Regulation (DLLR) to electronically send any document provided to an individual or employer under the State unemployment insurance (UI) law. An individual or employer is likewise authorized to electronically send information, a report, a request, or a document to the department. DLLR must adopt regulations establishing the methods and means for electronically sending information and documents under the bill.

Fiscal Summary

State Effect: The bill does not materially affect State finances or operations.

Unemployment Insurance Trust Fund (UITF) Effect: UITF expenditures decrease minimally beginning in FY 2018 to the extent that the bill reduces costs associated with correspondence. UITF revenues are not affected. DLLR can adopt the required regulations with existing budgeted resources.

Local Effect: The bill does not materially affect local government finances or operations.

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

Analysis

Current Law/Background: Most provisions in UI law currently allow for delivery methods other than direct mail. For example, employers can already electronically transmit UI claim and account information. However, several provisions are unambiguous and require direct mailing. These provisions, such as a notification sent to an employer rejecting a claim for an adjustment or refund of UI contributions, are addressed by the bill.

Background: DLLR advises that the Division of Unemployment Insurance is undertaking a significant modernization project through which its automated systems will be completely overhauled. The project places particular emphasis on the electronic filing and receiving of UI benefit and tax information. The modernization project is underway but not yet complete. The Governor's proposed fiscal 2018 budget includes \$21.6 million for the project, comprised almost entirely of federal funds. Expenditures of \$24.1 million and \$10.1 million are anticipated in fiscal 2019 and 2020, respectively.

In the modernized system, DLLR anticipates that employers and claimants will be able to electronically file appeals, submit necessary documentation, and receive appeals decisions. The bill provides DLLR with the authority necessary to adopt the modernized process, ensuring efficient administration of the UI program.

DLLR further advises nothing in the bill or its planned regulations would eliminate communications being sent by mail if either the employer or claimant requested it.

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 24, 2017
mm/ljm Third Reader - March 15, 2017

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Unemployment Insurance –Electronic Transmission of Documents

BILL NUMBER: HB 135

PREPARED BY: Jared Murphy, Director of Legal Services, Division of Unemployment Ins.

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

This bill will not have a direct economic impact on Maryland small businesses.

However, to the extent that this will make life easier for small businesses to send and receive documents, this legislation will have a positive effect on customer service and how business views its relationship with the Division of Unemployment Insurance.