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HB 1318

Department of Legislative Services
Maryland General Assembly
2021 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1318 (Delegate Howard)
Ways and Means

Maryland Business Tax Relief Act

This emergency bill (1) allows employers to defer submitting specified contribution and employment reports related to unemployment insurance (UI) to the Maryland Department of Labor (MDL); (2) creates a nonrefundable State income tax credit for up to $250 of the costs incurred to purchase or newly lease point-of-sale credit card processing equipment featuring contactless payment technology; (3) doubles the amount of the sales tax vendor credit; (4) provides various sales and use tax exemptions; and (5) provides for a local-option property tax credit for businesses impacted by Executive Order 20-03-23-01. **The income tax credit provision takes effect July 1, 2021, and applies to taxable years beginning after December 31, 2020. The property tax credit provision takes effect June 1, 2021, and applies to taxable years beginning after June 30, 2021.**

Fiscal Summary

State Effect: MDL can implement the bill with existing budgeted resources. Nonbudgeted Unemployment Insurance Trust Fund (UITF) revenues are affected from FY 2021 through 2023, as discussed below. Nonbudgeted UITF expenditures are affected only to the extent that funds are used to repay the principal on outstanding loans in FY 2022 and/or 2023. General fund expenditures may increase for interest payments in FY 2022 and/or 2023. General fund revenues decrease by a significant amount beginning in FY 2021 due to sales and use tax changes and beginning in FY 2022 due to income tax credits. General fund expenditures increase by $141,300 over FY 2021 and 2022 due to one-time implementation costs at the Comptroller's Office.

Local Effect: Local highway user revenues decrease beginning in FY 2022 to the extent tax credits are claimed against the corporate income tax. Local property tax revenues decrease in FY 2022 to the extent the property tax credit is granted. Expenditures are not materially affected.

Small Business Effect: Meaningful.

Analysis

Bill Summary:

Unemployment Insurance Tax Deferrals

Employers may defer submitting contribution and employment reports to MDL for the calendar quarters ending on March 31, 2021, and March 31, 2022. The reports must be submitted by the due date for the next quarterly report, and interest may not be assessed through the deferral period.

Sales and Use Tax Vendor Credit

The bill doubles the amount of the sales and use tax vendor credit that a person filing a sales and use tax return may keep from 1.2% to 2.4% of the first $6,000 collected and from 0.9% to 1.8% of the excess. The maximum monthly amount a vendor may keep increases from $500 to $1,000.

Sales and Use Tax Holiday for Back-to-school Shopping

The bill increases from $100 to $150 the taxable price of certain items (clothing and footwear) that are eligible for the sales and use tax exemption during the annual sales and use tax holiday for back-to-school shopping.

Sales and Use Tax Exemption for Restaurant Utilities

The bill exempts from the State sales and use tax the sale of electricity, oil, liquefied petroleum gas, or artificial or natural gas used to operate a restaurant. For purposes of this exemption, “restaurant” is defined as a licensed food service facility that is primarily engaged in selling or serving food and beverages prepared for consumption on or off the premises. “Restaurant” includes a licensed caterer food service facility, but it does not include (1) a supermarket, convenience store, mini-mart, or similar establishment; (2) a business, school, or institutional cafeteria; or (3) a cafeteria operated by or on behalf of the State or a local government.

Sales and Use Tax Holiday for Restaurant Sales

Beginning in September 2021, the bill establishes an annual eight-day sales-tax-free period, as specified, when the State sales and use tax does not apply to the sale of a food or nonalcoholic beverage item costing $40 or less. To qualify, the item must be sold by a "restaurant" (generally defined as for the tax exemption for restaurant utilities, except that a licensed caterer food service facility is not incorporated in the definition) for immediate human consumption.

Sales and Use Tax Exemption for Personal Protective Equipment

The bill exempts sales of the following personal protective equipment (PPE) products from the sales and use tax if the taxable price of the item is $50 or less: (1) disposable face masks or respirators; (2) disposable gloves; (3) a plexiglas sneeze guard or transparent partition; (4) hand sanitizer; and (5) disinfectant or sterilant products. The exemption only applies during a declaration of a state of emergency due to a catastrophic health emergency.

Credit Card Processing Equipment Tax Credit

An individual or corporation may claim, beginning in tax year 2021, a nonrefundable tax credit against the State income tax for up to $250 of the costs incurred to purchase or newly lease point-of-sale credit card processing equipment featuring contactless payment technology. Any unused amount of the credit may not be carried forward to any other tax year.

Property Tax Exemption for Nonessential Businesses

The bill authorizes county and municipal governments to grant a one-year property tax credit for real property owned by a nonessential business, as described under Executive Order 20-03-23-01, if the nonessential business was forced to close to the general public for at least 60 days due to a State or county restriction imposed as a result of a catastrophic health emergency during calendar 2020 or 2021. The amount of the property tax credit is limited to 15% of the amount of the property tax otherwise due.

County and municipal governments may provide for (1) the amount of the tax credit; (2) additional eligibility criteria for the tax credit; (3) regulations and procedures for the application and uniform processing of requests for the tax credit; and (4) any other provision necessary to carry out the tax credit.

Current Law:

Unemployment Insurance Tax Deferrals

The Secretary of Labor must adopt regulations that set the date when employer contributions (taxes) are due and the manner in which the contributions are to be paid. Under those regulations, employer contributions are due by the last day of the month immediately following each calendar quarter. The regulations must also require that, for any calendar year in which Table F is applicable, the Secretary offer a variety of payment plan options that spread through the end of August the dates when contributions are due on taxable wages for covered employment of the first six months of the calendar year.

While no Table F payment plan regulations have been adopted as required under current law, in practice, MDL offers payment plans to employers, and the department's website advises employers to apply through its BEACON 2.0 portal (the system used to administer the State's UI program). The general plan offered in 2020 was 50% due with the quarterly payment, with the remaining 50% due over three equal monthly installments. There is a separate option for any individual plan that mutually serves the interest of the Division of Unemployment Insurance and the employer.

Additionally, each calendar quarter, each employing unit must submit to the Secretary of Labor a contribution and employment report on or before the date that the Secretary sets. MDL regulations specify the same quarterly due dates as for contributions.

For more information on the State's UI program, see the **Appendix – Unemployment Insurance**.

Sales and Use Tax Vendor Credit

In order to cover expenses for collecting the State sales tax, persons filing timely returns are allowed to take a vendor credit against the gross tax remitted in an amount equal to 1.2% of the first $6,000 collected and 0.9% of the excess, capped at $500 per filing period (monthly basis).

Sales and Use Tax Holiday for Back-to-school Shopping

There is a seven-day sales-tax-free period each August for back-to-school shopping when the purchase of any item of clothing or footwear, excluding accessories, costing $100 or less is exempt from the State sales and use tax. In addition to clothing and footwear, the first $40 of the taxable price of any backpack or bookbag purchased during the annual sales-tax-free period for back-to-school shopping is also exempt from the State sales and use tax.

Sales and Use Tax Exemption for Restaurant Utilities

Section 11-210 of the Tax-General Article exempts from the sales and use tax the sale of machinery, equipment, and other tangible personal property used directly and predominantly in a production activity. Section 11-101(k) of the Tax-General Article specifies that tangible personal property includes coal, electricity, oil, nuclear fuel assemblies, steam, and artificial or natural gas.

The sales and use tax does not apply to (1) a sale of electricity, steam, or artificial or natural gas for use in residential condominiums; (2) a sale of electricity, steam, or artificial or natural gas that is delivered under a residential or domestic rate schedule on file with the Public Service Commission; (3) a sale of coal, firewood, heating oil, or propane gas or similar liquefied gas for use in residential property that contains no more than four units, cooperative housing, condominiums, or other similar residential living arrangements; (4) a sale of electricity through three or more bulk meters for use in a nonprofit planned retirement community of more than 2,000 housing cooperative or condominium units if ownership of units is restricted by age, any unit is served by an individual meter, and on or before July 1, 1979, at least three bulk meters served the community; or (5) a sale of electricity generated by specified solar energy equipment or residential wind energy equipment for use in residential property owned by an eligible customer generator.

The sales and use tax also does not apply to the sale of geothermal equipment, residential wind energy equipment, or solar energy equipment. "Solar energy equipment" is certain equipment that uses solar energy to heat or cool a structure, generates electricity to be used in a structure or supplied to the electric grid, or provides hot water for use in a structure.

Credit Card Processing Equipment Tax Credit

No similar State income tax credit exists. Under the federal and State income tax, businesses may generally deduct the cost of purchasing or leasing credit card processing equipment.

COVID-19 Public Health Emergency

The Governor declared a public health emergency on March 5, 2020, with the declaration being extended several times since. The public health emergency is still in effect, and the most recent renewal occurred on February 19, 2021.

State Revenues: The tax incentives established by the bill reduce State revenues by a significant amount beginning in fiscal 2021. As shown in **Exhibit 1**, the impact of three provisions that can be quantified reduce State revenues by $5.6 million in fiscal 2021 and by $38.3 million in fiscal 2026. The following is a brief description of the major revenue impacts of the bill.

Exhibit 1
Potential Impact on State Revenues of Sales and Income Tax Provisions
Selected Fiscal Years
($ in Thousands)

Quantifiable Tax Provisions	**FY 2021**	**FY 2022**	**FY 2026**
Sales and Use Tax Vendor Credit	-$5,200	-$21,200	-$22,800
Sales and Use Tax Exemption – Restaurant Utilities	-425	-1,700	-2,000
Sales and Use Tax Holiday – Restaurant Sales*	0	-13,500	-13,500
Subtotal	***-$5,625***	***-$36,400***	***-$38,300***

Other Tax Provisions		
Sales and Use Tax Holiday – Back-to-school Shopping	No Effect	Indeterminate Decrease
Sales and Use Tax Exemption – PPE	Indeterminate Decrease	
Income Tax Credit – Credit Card Processing Equipment	No Effect	Indeterminate Decrease

PPE: personal protective equipment

*Illustrative impact.

Source: Department of Legislative Services

Deferring Employer Contribution and Employment Reports

The bill allows employers to defer the submission of first quarter 2021 and 2022 contribution and employment reports until the due date of the second quarter reports, without accruing interest. This analysis assumes that this provision intends to allow employers to defer the payment of UI taxes owed, not the employment data required by the reports. The Department of Legislative Services notes that the language in the bill mirrors the provisions for small taxable employers in Chapter 39 of 2021 (the Act also provides a similar deferral for small reimbursing employers).

Therefore, this estimate assumes that employers are authorized to delay two UI tax payments, which will be billed and owed in the first quarter of 2021 and 2022, until midyear. The overall effect is complicated by Chapter 39 of 2021, which authorizes deferrals for small employers in 2021 and potentially 2022, and the availability of other payment plan options upon request. That said, since small employers account for about 25% of payroll, the bill applies up to about 75% of payments, which delays the receipt of

UITF revenues in fiscal 2021 and 2022, with spillover effects into the subsequent fiscal year. For context, UITF is expected to collect about $1.0 billion in 2021.

Since a deferral typically does not reduce amounts owed, the bill's effect would be limited to potentially reallocating revenues between fiscal years, with some foregone interest revenues. However, depending on the UITF balance (or lack thereof) over time, a delay in UITF revenues received may result in additional borrowing to cover MDL's cash flow needs as UITF recovers from COVID-19-related benefit payments.

Sales and Use Tax Vendor Credit

General fund revenues decrease beginning in fiscal 2021 as a result of doubling the amount of the sales and use tax vendor credit that vendors may keep. The sales and use tax vendor credit is estimated to reduce revenues by approximately $5.2 million in fiscal 2021 (representing three months of the increased credit amount), $21.2 million in fiscal 2022, and $22.8 million in fiscal 2026.

Sales and Use Tax Holiday for Back-to-school Shopping

General fund revenues decrease beginning in fiscal 2022 as a result of increasing the maximum per-item cost by $50. The amount of the revenue decrease cannot be reliably estimated and depends on the number of back-to-school items that cost between $100 and $150 that are purchased each year during the sales-tax-free period. As a point of reference, the existing sales and use tax holiday for back-to-school shopping is estimated to reduce general fund revenues by approximately $6.8 million in fiscal 2021 and $7.1 million in fiscal 2022. General fund revenues decrease by approximately $700,000 for each 10% increase in the total value of the exemption that results from the increased maximum per-item cost.

Sales and Use Tax Exemption for Restaurant Utilities

General fund revenues decrease by a significant amount beginning in fiscal 2021, depending on the number of restaurants in the State that qualify for the exemption and the amount of energy used by these restaurants. As a point of reference and *for illustrative purposes only*, it is estimated that general fund revenues could decrease by approximately $425,000 in fiscal 2021 (representing three months of the sales tax exemption), $1.7 million in fiscal 2022, and $2.0 million in fiscal 2026 based on the following assumptions:

- there are approximately 11,300 eating and drinking establishments in the State that may qualify for the exemption, according to the Maryland Restaurant Association;
- commercial accounts are 9.5% of total energy customers;

- commercial accounts provide for nearly 27% of total energy sales;
- approximately $134.9 million in sales taxes were remitted from light and power companies in fiscal 2020; and
- 3% annual increases in energy costs.

In addition, the actual effect on revenues in the near term may be affected by the number of restaurants that have either closed or are operating at a reduced capacity as a result of the COVID-19 pandemic. For example, if 40% of restaurants are closed in fiscal 2022, general fund revenues decrease by approximately $1.0 million, based on the assumptions above.

Sales and Use Tax Holiday for Restaurant Sales

General fund revenues decrease beginning in fiscal 2022 as a result of the sales-tax-free period for certain food and beverage items. The amount of the decrease cannot be reliably estimated and depends on the amount of food and beverage items costing $40 or less that are purchased during the sales-tax-free period. In fiscal 2020, the State collected $661.4 million in sales and use taxes from various restaurant and food service categories.

As a point of reference, and *for illustrative purposes only*, general fund revenues may decrease by approximately $13.5 million annually, beginning in fiscal 2022, based on the following assumptions:

- there are 2.2 million households in Maryland;
- the U.S. Bureau of Labor Statistics reports that U.S. households spent $3,526 on food away-from-home purchases in 2019; and
- 1.5 weeks of sales occur during the sales-tax-free period for restaurant sales.

Sales and Use Tax Exemption for Personal Protective Equipment

General fund revenues decrease as a result of the sales and use tax exemption for PPE items costing $50 or less beginning in fiscal 2021 and during a declared health-related state of emergency that may occur in the future. The amount of the revenue decrease cannot be reliably estimated and depends on the number of PPE purchases made during a state of emergency and the cost of each item.

Credit Card Processing Equipment Tax Credit

Tax credits can be claimed beginning in tax year 2021. As a result, general fund revenues may decrease significantly beginning in fiscal 2022. To the extent tax credits are claimed against the corporate income tax, a portion of tax credits claimed will decrease Transportation Trust Fund and Higher Education Investment Fund revenues.

State Expenditures:

Deferring Employer Contribution and Employment Reports

Interest on balances owed to the federal government must be paid back – with State general funds or some other source, not UITF – at the end of each September. The current interest rate on federal loans for UI programs is 2.277%, although that is deferred through early September 2021 under the American Rescue Plan Act of 2021. Interest payments would be required in fiscal 2022 and/or 2023. UITF expenditures are affected only to the extent that funds are used to repay the principal on outstanding loans in fiscal 2022 and/or 2023.

Credit Card Processing Equipment Tax Credit

The Comptroller's Office incurs a one-time general fund expenditure increase of $60,000 in fiscal 2022 to add the tax credit to the income tax forms. This includes data processing changes to the income tax return processing and imaging systems and systems testing.

Sales and Use Tax Changes

The Comptroller's Office incurs a one-time expenditure increase of $81,300 in fiscal 2021 to notify the approximately 130,000 sales and use tax account holders of the sales tax changes.

Local Revenues: Local property tax revenues decrease in fiscal 2022 to the extent the property tax credit is granted. The amount of the decrease cannot be reliably estimated and depends on the number of nonessential businesses that were forced to close for at least 60 days in 2020 or 2021 due to the COVID-19 pandemic.

The following summary provides an overview on the amount of property tax revenues collected by county governments and their overall reliance on the commercial property tax base. Additional information on local property tax rates and revenue amounts for Maryland counties and Baltimore City can be found in the ***County Revenue Outlook*** report. A copy of the fiscal 2021 report is available on the Department of Legislative Services website.

Property Tax Collections – County Governments

County property tax collections are projected to total $9.1 billion in fiscal 2021. A considerable portion of these revenues is generated by commercial establishments. As shown in **Exhibit 2**, commercial real property accounts for approximately 25% of the total real property base. In Baltimore City, commercial real property accounts for over 40% of the total real property base. Of the 2.4 million real property tax accounts in the State, approximately 2.5% are either improved commercial accounts (47,700) or improved commercial condominium accounts (15,800).

Exhibit 2
Real Property Base – Fiscal 2019

County	Commercial Real Property	Total Real Property	% Commercial
Allegany	$983,411,141	$3,647,463,426	27.0%
Anne Arundel	21,336,377,969	91,133,376,067	23.4%
Baltimore City	19,910,869,418	45,557,036,733	43.7%
Baltimore	24,978,591,308	87,945,647,348	28.4%
Calvert	1,361,803,590	12,184,658,610	11.2%
Caroline	408,078,102	2,625,018,052	15.5%
Carroll	2,636,162,950	20,099,491,617	13.1%
Cecil	2,275,859,595	10,181,215,060	22.4%
Charles	3,387,114,025	18,369,902,013	18.4%
Dorchester	525,149,231	2,877,705,939	18.2%
Frederick	6,366,822,557	31,978,786,534	19.9%
Garrett	477,260,496	4,413,279,645	10.8%
Harford	5,855,085,796	28,583,847,626	20.5%
Howard	12,397,250,972	53,313,887,877	23.3%
Kent	414,795,733	2,970,482,813	14.0%
Montgomery	46,217,229,938	195,345,501,347	23.7%
Prince George’s	28,728,368,112	97,654,459,098	29.4%
Queen Anne’s	1,055,072,365	8,397,765,444	12.6%
St. Mary’s	1,811,217,943	12,594,358,576	14.4%
Somerset	273,368,437	1,376,668,778	19.9%
Talbot	1,094,068,494	8,493,110,859	12.9%
Washington	3,984,619,028	12,880,995,194	30.9%
Wicomico	1,642,878,307	6,306,778,804	26.0%
Worcester	2,702,769,121	15,893,364,746	17.0%
Total	**$190,824,224,628**	**$774,824,802,206**	**24.6%**

Source: State Department of Assessments and Taxation

As shown in **Exhibit 3**, the average real property assessment is $2.1 million for commercial accounts and $721,600 for commercial condominium accounts. The average local property tax amounts for these accounts are $25,300 for commercial real property and $8,600 for commercial condominium real property.

Exhibit 3
Commercial and Commercial Condominium Real Property Accounts
July 2020

	Commercial Real Property			**Commercial Condominium Real Property**		
County	**Accounts**	**Value**	**Avg. Value**	**Accounts**	**Value**	**Avg. Value**
Allegany	2,033	$819,950,975	$403,321	51	$2,633,400	$51,635
Anne Arundel	4,014	12,541,073,574	3,124,333	1,701	738,442,901	434,123
Baltimore City	7,955	11,809,975,616	1,484,598	695	1,508,098,830	2,169,926
Baltimore	6,265	11,956,855,486	1,908,516	469	810,733,166	1,728,642
Calvert	553	758,266,546	1,371,187	146	39,970,995	273,774
Caroline	511	258,823,497	506,504	0	0	n/a
Carroll	1,651	1,921,249,897	1,163,689	345	97,711,199	283,221
Cecil	1,318	1,188,439,662	901,699	182	15,643,600	85,954
Charles	1,055	1,990,673,638	1,886,894	674	182,520,421	270,802
Dorchester	709	380,002,708	535,970	0	0	n/a
Frederick	2,097	4,007,082,388	1,910,864	693	264,464,228	381,622
Garrett	808	382,472,265	473,357	250	31,584,000	126,336
Harford	2,197	3,426,238,776	1,559,508	157	90,292,433	575,111
Howard	1,179	5,282,329,132	4,480,347	1,368	694,140,298	507,412
Kent	509	357,727,700	702,805	12	5,984,167	498,681
Montgomery	2,927	22,963,239,791	7,845,316	3,821	5,351,718,399	1,400,607
Prince George's	3,543	11,937,267,704	3,369,254	2,938	888,429,836	302,393
Queen Anne's	601	747,184,099	1,243,235	573	56,528,867	98,654
St. Mary's	1,113	1,149,494,318	1,032,789	142	70,439,731	496,054
Somerset	646	199,838,937	309,348	23	2,913,199	126,661
Talbot	930	853,530,539	917,775	212	54,060,419	255,002
Washington	1,781	2,264,385,743	1,271,413	110	136,550,527	1,241,368
Wicomico	1,541	1,029,168,763	667,858	339	68,841,156	203,071
Worcester	1,729	2,365,456,663	1,368,107	850	254,955,027	299,947
Total	**47,665**	**$100,590,728,417**	**$2,110,369**	**15,751**	**$11,366,656,799**	**$721,647**

Avg.: average

Source: State Department of Assessments and Taxation

Small Business Effect: Qualified small businesses benefit from reduced income, sales, and property taxes as well as the doubled sales tax vendor credit, particularly small retailers and restaurants. In addition, to the extent a local government adopts a property tax credit as authorized, a small business deemed to be nonessential that was required to close to the general public for at least 60 days in either calendar 2020 or 2021 within that jurisdiction may benefit by up to a one-year 15% credit on the amount of local property tax otherwise due.

Additional Comments: The American Rescue Plan Act of 2021 (H.R. 1319), as passed by the Senate, includes approximately $219.8 billion in funding for state governments to (1) respond to the COVID-19 public health emergency and cover related costs, including assistance to households, small businesses, nonprofits, and affected industries such as tourism, travel, and hospitality; (2) provide government services to the extent of lost revenue from the public health emergency; and (3) make investments in water, sewer, or broadband infrastructure. Maryland is estimated to potentially receive $3.9 billion of this federal funding.

However, the Senate version of the bill places restrictions on how the states may use the federal dollars received. The funds may not be used to (1) reduce taxes directly or indirectly between March 3, 2021, and the last day of the fiscal year in which all funds received have been spent or returned and (2) make payments to pension funds.

The Act requires states to repay any funds whose use does not comply with these uses. For tax reductions, states will be required to repay the lesser of (1) the net tax reduction and (2) the amount received under this program or through a transfer from local governments.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

Information Source(s): Montgomery and Prince George's counties; Comptroller's Office; Maryland Department of Labor; State Department of Assessments and Taxation; Department of Legislative Services

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Analysis by: Michael D. Sanelli, Robert J. Rehrmann, Stephen M. Ross

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

Appendix – Unemployment Insurance

Program Overview

Unemployment Insurance (UI) provides temporary, partial wage replacement benefits of up to $430 per week to individuals who are unemployed through no fault of their own and who are willing to work, able to work, and actively seeking employment. Both the federal and state governments have responsibilities for UI programs. Generally, funding for the program is provided by employers through UI taxes paid to both the federal government for administrative and other expenses and to the states for deposit in their UI trust funds. Using federal tax revenues, the UI program is administered pursuant to state law by state employees. The Maryland Department of Labor's Division of Unemployment Insurance administers the State's UI program.

Each state law prescribes the tax structure, qualifying requirements, benefit levels, and disqualification provisions. These laws must, however, conform to broad federal guidelines.

Employer Contributions

Most Maryland employers pay State UI taxes, although State and local governments and some nonprofit organizations reimburse the Unemployment Insurance Trust Fund (UITF) for claims paid in lieu of paying taxes. Therefore, for most Maryland employers, the State UI tax rate is a function of:

- the employer's specific unemployment claims history; and
- the applicable tax table, which is based on the State's UITF balance and applies to most taxable employers.

Exhibit 1 shows the range of State UI taxes a typical employer owes based on the tax table in effect; there are other rates for new employers and in other limited circumstances. State UI taxes and reimbursements are typically due quarterly; however, Chapter 39 of 2021 allows employers with fewer than 50 employees to defer 2021 State UI tax payments or reimbursements until January 31, 2022, and authorizes the Secretary of Labor to offer a similar deferment in 2022. The Act, in conjunction with a recent executive order, also generally prevents UI claims made during the COVID-19 pandemic from increasing an employer's taxes – although Table F, with its broadly higher rates, is in effect in 2021.

Exhibit 1
Tax Tables and Applicable Employer Tax Rates

	As of Sept. 30, if the Trust Fund Balance, As a Percentage of Taxable Wages		Trust Fund Balance ($ in Millions)		Then Next Year's Tax Rates Range from…			Annual Tax Per Employee (Rate x $8,500)		
Tax Table	Exceeds	Up to	Exceeds	Up to	No Claims	Single Claim	Up to	No Claims	Single Claim	Up to
A	5.00%	N/A	$995.8	N/A	0.30%	0.60%	7.50%	$25.50	$51.00	$637.50
B	4.50%	5.00%	896.2	$995.8	0.60%	0.90%	9.00%	51.00	76.50	765.00
C	4.00%	4.50%	796.6	896.2	1.00%	1.50%	10.50%	85.00	127.50	892.50
D	3.50%	4.00%	697.1	796.6	1.40%	2.10%	11.80%	119.00	178.50	1,003.00
E	3.00%	3.50%	597.5	697.1	1.80%	2.60%	12.90%	153.00	221.00	1,096.50
F	0.00%	3.00%	0.0	597.5	2.20%	3.10%	13.50%	187.00	263.50	1,147.50

Notes: Fund balance threshold dollar amounts are based on the 2020 taxable wage base and are subject to change each year. A "single claim" represents the tax rate applicable to the lowest possible rate associated with nonzero (.0001 to .0027) benefit ratios. Taxes are applied to the first $8,500 earned by each employee, each year; compensation less than that amount reduces taxes owed accordingly. Table F is in effect in 2021 and is likely to be in effect for at least two more years; Table A had been in effect since 2016.

Source: Department of Legislative Services

Benefit Payments

Generally, the weekly benefit amount a claimant is eligible for is based on the quarterly wages that the claimant was paid for covered employment in the calendar quarter of the claimant's base period in which those wages were highest. The base period is the first four of the last five completed calendar quarters immediately preceding the start of the benefit year, or, if the individual does not qualify under that definition, the four most recently completed calendar quarters immediately preceding the start of the benefit year.

Weekly benefit amounts range from $50 to $430 per week, based on earnings in the base period. There is also a dependent allowance of $8 per dependent, for up to five dependents, although the allowance cannot raise the weekly benefit amount above $430. The first $50 of any wages earned by an individual receiving UI benefits in a given week is disregarded for purposes of calculating the weekly benefit amount, after which the benefit payment is reduced dollar for dollar. These amounts do not adjust for inflation. Generally, during a benefit year, a claimant is entitled to 26 times the claimant's weekly benefit amount. During periods of high unemployment, extended benefits may also be available.