



LEGISLATIVE POSITION:

Favorable

Senate Bill 827

Unemployment Insurance – Computation of Earned Rate of Contribution

– Applicable Table of Rates

Senate Finance Committee

Tuesday, March 15, 2022

Dear Chairwoman Kelley and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 5,500 members and federated partners working to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

The COVID-19 pandemic has been an extremely sensitive and challenging time for Maryland's employer community. Ensuring the health and safety of their employees, the public, and their business has been front of mind while navigating a time of ever-changing information. A wide breadth of industry sectors have taken significant losses as a result of the pandemic.

A major barrier to recovery for employers that has risen from the government shutdowns has been the rising cost of unemployment insurance taxes. Unemployment insurance tax rates are based on two factors; the first being an employer's "experience rating", and the second being the statutorily mandated table of rates which the state determines based on the health of the Unemployment Insurance Trust Fund.

When the economy was shutdown, employers were forced to lay off their employees at no fault of their own. As Maryland workers began drawing from the Unemployment Insurance Trust Fund at record rates nearly depleting the fund. As the fund is drawn down, the state was forced to shift their table of rates from Table A, the lowest possible set of tax rates, to Table F, the highest possible set of tax rates. As a result, employers experienced higher unemployment insurance tax rates to help replenish the fund.

The Maryland Chamber is supportive of SB 827, which would allow the earned rate for contributions for calendar year 2023 to be calculated using Table A or Table B (instead of the currently mandated Table C) if the Unemployment Insurance Fund balance on September 30, 2022 allows for it. This reduces cost to employers while keeping in mind the financial health of the fund. This is an equitable solution to a very real problem for many of Maryland's employers.

With these comments in mind, The Maryland Chamber of Commerce respectfully requests a **favorable report on SB 827.**