SB 827- Favorable.pdf
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Central Maryland Chamber
The Center of Intelligent Business

Legislative Position: Favorable
Senate Bill 827
Unemployment Insurance- Computation of Earned Rate of Contribution
Senate Finance Committee

Dear Chairman Klausmeier and Members of the Committee,

The Central Maryland Chamber of Commerce (CMC) was formed in 2017, a merger of two existing chambers- The Baltimore Washington Corridor Chamber (originally founded in 1948) and the West Anne Arundel County Chamber (originally founded in 1962). The CMC is a regional organization representing approximately 350 businesses in the Central Maryland corridor and exists to be the primary business resource and advocate as the area experiences exponential growth.

The Central Maryland Chamber is writing in support of SB 827.

SB 827 would allow the earned rate of contributions for calendar year 2023 be calculated using Table B of the Table of Rates if the Unemployment Insurance Fund balance on September 30, 2022, allows for the earned rate of contributions to be calculated using either Table A or Table B of the table of rates.

This change will allow businesses to pay a lesser rate than previously anticipated, with the fund being in better standing than originally expected. This creates meaningful fiscal savings for all of our local businesses which will help them keep their businesses open and operating. It also will allow many businesses to hire and grow their workforce.

While businesses are struggling to recover from impacts of the pandemic, changes like this can make a huge difference to Maryland’s businesses.

The Central Maryland Chamber urges you to support SB827.

SB 827_Unemployment Insurance - Computation of Ear

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Position: FAV

MARYLAND
Chamber of Commerce

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.**

SB 827_MDL_Letter of Information.docx.pdf

Uploaded by: Andrew Fulginiti

Position: INFO

Maryland
DEPARTMENT OF LABOR

LEGISLATIVE OFFICE
45 Calvert Street
Annapolis, Maryland 21401
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Senate Bill 827

Date:	March 15, 2022
Committee:	Senate Finance Committee
Bill Title:	Unemployment Insurance - Computation of Earned Rate of Contribution - Applicable Table of Rates
Re:	Letter of Information

S.B. 827 amends Md. Labor and Employment Code Ann. § 8-612 to require the earned rate of contributions for calendar year 2023 to be calculated using Table B of the Table of Rates if the Unemployment Insurance Trust Fund ("UITF") balance on September 30, 2022, allows for the earned rate to be calculated using either Table A or Table B.

In short, when the earned rate for calendar year 2023 is calculated in September, the Bill would allow for three options: (1) if the UITF balance calls for Table A to be used, S.B. 827 would require Table B be used; (2) if the UITF balance calls for Table B to be used, S.B. 827 would require Table B; or (3) if the UITF balance calls for Table C, D, E or F to be used, S.B. 827 would not apply and Table C would be used pursuant to Section 8-612(h)(1) (the earned rate for calendar year 2023 could not be calculated using Tables D, E, or F).

The Department is unable to forecast the fiscal impact of the Bill on Maryland's UITF. However, if the UITF Balance on September 30, 2022, allows for the earned rate to be calculated using either Table A or Table B and the Bill mandates using Table B, the Division would collect less revenue because currently, regardless of the UITF balance, the earned rate would be calculated for calendar year 2023 based on Table C.

The balance of the UITF is important, but the solvency of the UITF is also important. The United States Department of Labor ("USDOL") considers a state's UITF solvent when it has enough funds for benefits for one (1) year. Maryland's UITF has not been solvent since 1996. If an economic event (such as a recession) led to the UITF balance being depleted and the Division took out a loan from USDOL to replenish the UITF, that loan would not be interest-free. In addition, Maryland employers' FUTA tax credit might decrease and employers might have to pay a higher federal tax.

The Division will have initial expenditures for (1) programming updates to BEACON 2.0 to change the tax rates assigned to employers eligible for earned ratings and (2) sending correspondences to employers explaining the change of rate. The estimate for these expenditures is $250,000.

The Department respectfully requests that the Committee consider this information.