



LEGISLATIVE POSITION:

Unfavorable

House Bill 205

Unemployment Insurance Modernization Act of 2024

House Economic Matters Committee

Wednesday, February 14, 2024

Dear Chairman Wilson 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 6,800 members and federated partners working to develop and promote strong public policy that ensures sustained economic health and growth for Maryland businesses, employees, and families.

As introduced, HB 205 would make four primary changes to Maryland's unemployment insurance program:

1. Raising the taxable wage base used to determine employment contributions into the Unemployment Insurance Trust Fund from \$8,500 to 25% of the average annual wage (~18,000).
2. Raising the maximum and minimum weekly benefit amounts and attaching an annual increase in the maximum benefit to inflation.
3. Preventing the shifting of the table of rates to no more than two tables in one year.
4. Extending the lookback period for the purpose of calculating an employer's experience rating.

The proposals in HB 205 make significant changes to the state's unemployment insurance program and businesses are rightfully concerned by those leading to increased costs on employers. To put some of the proposals in context, the required **increase in employer contributions would roughly double the UI tax burden on businesses** by 2027, double the state's weekly benefit amount and quadruple the minimum weekly benefit amount. Further, the maximum weekly benefit would be attached to an annual adjustment for inflation, which is more concerning as inflation remains stubbornly above the Federal Reserve's target rate of 2%. It is not hard to understand why Maryland businesses are concerned.

Contemplating such a large-scale change requires a deeper conversation with all stakeholders and goes beyond the work that can be done in the remaining time of the legislative session.

For these reasons, the Maryland Chamber of Commerce respectfully requests an **Unfavorable Report** on **HB 205** but looks forward to continuing the conversation regarding the UI program.

