



Maryland Municipal League
The Association of Maryland's Cities and Towns

TESTIMONY

February 14, 2024

Committee: House Economic Matters

Bill: HB 205 - Unemployment Insurance Modernization Act of 2024

Position: Unfavorable

Reason for Position:

The Maryland Municipal League (MML) opposes House Bill 205, which makes major alterations to the manner in which unemployment benefits are calculated resulting in a significant increase in costs to employers.

As a result of the changes proposed in this bill unemployment insurance claims stand to double on both the low and the high end. While this is clearly a benefit to unemployed individuals this is a hard hit to all employers and would signal a consequential shift in the labor market. While the intent of the bill may be genuine, the outcome for employers is harsh.

Local governments are somewhat atypical in that most are “reimbursing employers,” meaning that they only pay into the Unemployment Insurance Fund when a former employee makes a claim through the State and is granted an award. This is different from most businesses that have a portion of their tax payments go directly to the Fund. As such, local governments stand to see a sizable increase in reimbursements to the Fund as a result.

The provisions of HB 205 are significant, detailed, and would result in a significant cost increase to local governments as a result of higher unemployment insurance claims. For this reason, the League respectfully requests that the committee provide House Bill 205 with an unfavorable report.

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