

MHLA

Maryland Hotel Lodging Association

Testimony on behalf of the Maryland Hotel Lodging Association

In Opposition of SB 871

Unemployment Insurance - Disqualification - Stoppage of Work Caused by Labor Dispute

March 5, 2024

Senate Finance Committee

The Maryland Hotel Lodging Association (MHLA) serves as the sole statewide trade association dedicated to advocacy for Maryland's 750+ hotels. Our industry provides the state with \$1 billion in state and local taxes, \$5 billion in total wages and salaries, and \$9 billion in total gross domestic product.

SB 871 would extend unemployment insurance benefits to individuals involved in a labor dispute extending beyond 14 days.

Employers pay into the Maryland Unemployment Insurance Trust Fund, which aims to "pay benefits to displaced employees who are seeking work and are unemployed through no fault of their own".¹ Being unemployed through "no fault of one's own" is categorically different than an employed worker who temporarily chooses not to work as a negotiating tactic. Unlike employees who are unfortunately laid off, strikers are still employed and may return to a paying job when they choose to do so. Expanding UI benefits to support striking workers would encourage more and potentially longer strikes, with frustrations unfairly extended upon Maryland consumers and added costs unduly borne by one negotiating party (employers).

According to the chart on p. 63 of the [2023 US Department of Labor Trust Fund Solvency Report](#), Maryland has a state trust fund solvency level of .92, which is already below the recommended minimum adequate solvency level of 1. In a letter dated September 30, 2023, Governor Newsom vetoed similar legislation in California, stating, "Any expansion of eligibility for UI benefits could increase California's outstanding federal UI debt projected to be nearly \$20 billion by the end of the year and could jeopardize California's Benefit Cost Ratio add-on waiver application, significantly increasing taxes on employers."

Expanding UI benefits to striking workers in Maryland would constitute an inappropriate use of the UI Trust Fund and would ultimately burden the very employers responsible for paying into the fund and creating jobs in our state.

For these reasons, we urge you to reject SB 871 with an Unfavorable Report.

¹ [empguide.pdf \(maryland.gov\)](#)