

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 508 (Senator Astle)
Finance

Referred to Economic Matters

Unemployment Insurance -
Reimbursing Not For Profit Employers - Exemption From Reimbursement

This amended bill provides that if a claimant is employed part-time by a reimbursing not-for-profit organization while separated from other employment and is eligible for benefits because of that separation, the organization may not be required to reimburse the unemployment insurance fund for benefits paid to the claimant.

This bill is effective September 29, 1996.

Fiscal Summary

State Effect: None.

Local Effect: None

Unemployment Insurance Trust Fund: Negligible effect on contributions as described below.

Fiscal Analysis

Background: Not-for-profit organizations can choose to reimburse the unemployment trust fund for benefits chargeable to their accounts rather than paying federal and State unemployment contributions. Of the 2,842 not-for-profit organizations with unemployment insurance accounts, 807 have chosen to reimburse the trust fund rather than pay the taxes. This bill affects these organizations and their part-time employees.

Unemployment Insurance Trust Fund: Of the benefit charges not charged to employer accounts, benefits paid to those with continuous part-time employment represent only 0.24% of the total non-charged benefits. Assuming this holds for not-for-profit organizations, the

lack of reimbursement for these benefits would have a negligible effect on the trust fund.

Information Source(s): Department of Labor, Licensing and Regulation; Department of Fiscal Services

Fiscal Note History: First Reader - February 12, 1996
ncs Revised - Senate Third Reader - March 19, 1996

Analysis by: David F. Roose

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710