
By: **Delegate Gordon (Chairman, Unemployment Insurance Subcommittee)**
Introduced and read first time: February 20, 1998
Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Unemployment Insurance - Amendments - Balanced Budget Act of 1997**

3 FOR the purpose of aligning the State unemployment insurance laws with the
4 Federal Unemployment Tax Act to exempt from unemployment insurance
5 coverage the service of certain individuals who work for certain separately
6 incorporated religious schools, the service of certain election officials, and the
7 service of certain inmates of custodial or penal institutions; altering, for a
8 certain period of time, the process for distribution of funds under Section 903 of
9 the Social Security Act; and generally relating to unemployment insurance.

10 BY repealing and reenacting, with amendments,
11 Article - Labor and Employment
12 Section 8-208, 8-212(c), and 8-217
13 Annotated Code of Maryland
14 (1991 Volume and 1997 Supplement)

15 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
16 MARYLAND, That the Laws of Maryland read as follows:

17 **Article - Labor and Employment**

18 8-208.

19 (a) Except as otherwise provided in this subtitle, employment is covered
20 employment if the employment is:

21 (1) performed for a charitable, educational, religious, or other
22 organization; and

23 (2) excluded from the definition of "employment" in the Federal
24 Unemployment Tax Act solely by § 3306(c)(8) of the Act.

25 (b) Employment is not covered employment if the employment is performed
26 for:

27 (1) a church or an association or convention of churches; or

1 (2) an organization that is:

2 (i) operated primarily for religious purposes; and

3 (ii) controlled, operated, principally supported, or supervised by a
4 church or an association or convention of churches.

5 (c) Employment is not covered employment if the employment is performed
6 by:

7 (1) a commissioned, licensed, or ordained minister of a church in the
8 exercise of the ministry; or

9 (2) a member of a religious order in the exercise of duties required by the
10 order.

11 (D) EMPLOYMENT IS NOT COVERED EMPLOYMENT IF THE EMPLOYMENT IS
12 PERFORMED FOR AN ELEMENTARY OR SECONDARY SCHOOL THAT IS:

13 (1) OPERATED PRIMARILY FOR RELIGIOUS PURPOSES UNDER § 501(C)(3)
14 OF THE INTERNAL REVENUE CODE; AND

15 (2) EXEMPT FROM INCOME TAX UNDER § 501(A) OF THE INTERNAL
16 REVENUE CODE.

17 [(d)] (E) During any calendar quarter in which the compensation is less than
18 \$50, the employment is not covered employment if it is performed for an organization
19 that is exempt from income tax under:

20 (1) § 501(a) of the Internal Revenue Code unless the organization is
21 described in § 401(a) of the Internal Revenue Code; or

22 (2) § 521 of the Internal Revenue Code.

23 8-212.

24 (c) (1) Except as provided in this subtitle, employment performed for a
25 governmental entity of a state is covered employment if the employment is excluded
26 from the definition of "employment" in the Federal Unemployment Tax Act solely by
27 § 3306(c)(7) of the Act.

28 (2) Employment performed for a governmental entity is not covered
29 employment if performed:

30 (i) as an elected official;

31 (ii) as a member of a legislative body, a judicial body, the State
32 National Guard, or the Air National Guard;

33 (iii) as a temporary employee in case of an earthquake, flood, fire,
34 snow, storm or similar emergency;

1 (iv) in a position that, under the laws of the State, is designated a
2 major nontenured advisory or policymaking position; [or]

3 (v) in an advisory or policymaking position that ordinarily requires
4 8 hours or less of work each week; OR

5 (VI) AS AN ELECTION OFFICIAL OR ELECTION WORKER IF THE
6 AMOUNT OF REMUNERATION RECEIVED BY THE INDIVIDUAL DURING THE
7 CALENDAR YEAR FOR SERVICES AS AN ELECTION OFFICIAL OR ELECTION WORKER IS
8 LESS THAN \$1,000.

9 8-217.

10 Employment that an inmate of a custodial or penal institution performs [for a
11 not-for-profit organization or a governmental entity] is not covered employment.

12 SECTION 2. AND BE IT FURTHER ENACTED, That pursuant to P.L. 105-33,
13 the Balanced Budget Act of 1997, § 8-405(b) of the Labor and Employment Article
14 shall not be applicable to the transfer of Reed Act Funds under § 903 of the Social
15 Security Act for federal fiscal years 1999, 2000, and 2001 only as it relates to the
16 appropriation of funds and that the transfer of any funds shall only be used for the
17 administration of the unemployment insurance program. All other provisions of §
18 8-405(b) shall apply.

19 SECTION 3. AND BE IT FURTHER ENACTED, That § 8-217 of the Labor and
20 Employment Article, as amended by this Act, shall be construed retroactively and
21 shall be applied to and interpreted to affect all determinations by the Secretary of
22 Labor, Licensing, and Regulation of (1) rates of contributions for employing units for
23 all calendar years beginning on or after January 1, 1994; and (2) benefit charges for
24 unemployment insurance claims for benefits based on work performed on or after
25 January 1, 1994 and will be in the form of credits to employing units. Wages that are
26 paid for work that an inmate of a custodial or penal institution performs for other
27 than a not-for-profit organization or a governmental entity performed through
28 September 30, 1998 may be used in determining monetary eligibility for
29 unemployment insurance benefits.

30 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
31 October 1, 1998.