

**Department of Legislative Services**

Maryland General Assembly

2002 Session

**FISCAL NOTE**

House Bill 314

(Delegate Cryor)

Economic Matters

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**Unemployment Insurance Contributions - Annual Filing for Domestic Service Employees**

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This bill allows an individual, under specified circumstances, to submit unemployment insurance (UI) contributions and employment reports for household domestic help to the Comptroller as part of an income tax return.

The bill takes effect July 1, 2002 and is applicable to taxable years after December 31, 2002.

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**Fiscal Summary**

**State Effect:** FY 2004 expenditures could increase by \$149,900. Out-years reflect ongoing cost increases for printing and postage. Revenues would be unaffected.

(in dollars)	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007
Revenues	\$0	\$0	\$0	\$0	\$0
GF Expenditure	0	149,900	106,700	107,300	107,900
Net Effect	\$0	(\$149,900)	(\$106,700)	(\$107,300)	(\$107,900)

*Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect*

**Local Effect:** None.

**Small Business Effect:** None.

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## Analysis

**Bill Summary:** The Secretary of the Department of Labor, Licensing, and Regulation (DLLR) must permit an individual who employs another to perform domestic service in a private home to submit annually to the Comptroller the required UI contribution and employment report along with the employing individual's tax return if federal law authorizes such payments and the individual is authorized to pay federal unemployment taxes annually as part of the individual's federal income tax return. An individual that submits the UI contribution and employment report to the Comptroller must do so on or before the due date of the individual's income tax return.

The Comptroller must forward UI contributions and employment reports to the Secretary, and the Secretary must apply for any federal waivers or exceptions that may be necessary to permit the implementation of the bill's requirements.

The Secretary and the Comptroller must jointly adopt regulations to implement the requirements of the bill.

**Current Law:** UI contributions and employment reports are submitted directly to DLLR.

**Unemployment Insurance Trust Fund (UITF):** Under this bill, contributions may be paid up to one year later than would otherwise be the case. The Office of Unemployment Insurance (OUI) reports that, from October 1, 2000 through September 30, 2001, domestic employers in Maryland paid \$964,220 in UI taxes. Assuming the current rate of interest paid by the U.S. Treasury (6.3%), UITF interest income would decrease by approximately \$40,000.

**State Expenditures:** The Office of the Comptroller advises that costs could increase by \$149,940 in fiscal 2004 for computer programming changes and data verification (\$48,400), artwork (one-time expenditure), printing, and mailing of additional pages for State forms (\$101,540). Out-years reflect a flat cost for postage and a 1% annual increase for printing and data verification.

**Additional Comments:** Both the Office of the Comptroller and OUI report anticipated significant administrative delays in verifying and disbursing benefits and procedural problems relating to inter-agency disbursements if UI contributions and employment reports are submitted to the Comptroller instead of DLLR.

The provisions of the bill will not be implemented unless and until the Secretary of DLLR reaches an agreement with appropriate federal authorities. The bill will have no fiscal impact until such an agreement is reached.

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### **Additional Information**

**Prior Introductions:** In 1996, HB 593 received an unfavorable report in the Economic Matters Committee.

**Cross File:** None.

**Information Source(s):** Comptroller's Office (Bureau of Revenue Estimates); Department of Labor, Licensing, and Regulation (Office of Unemployment Insurance); Department of Legislative Services

**Fiscal Note History:** First Reader - February 18, 2002  
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