

**Department of Legislative Services**  
 Maryland General Assembly  
 2003 Session

**FISCAL AND POLICY NOTE**

House Bill 678 (Delegate Cryor)  
 Economic Matters

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

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, 2003 and is applicable to taxable years after December 31, 2003.

**Fiscal Summary**

**State Effect:** Expenditures could increase by \$50,000 beginning in FY 2005.

| (in dollars)   | FY 2004 | FY 2005    | FY 2006    | FY 2007    | FY 2008    |
|----------------|---------|------------|------------|------------|------------|
| Revenues       | \$0     | \$0        | \$0        | \$0        | \$0        |
| GF Expenditure | 0       | 50,000     | 50,000     | 50,000     | 50,000     |
| Net Effect     | \$0     | (\$50,000) | (\$50,000) | (\$50,000) | (\$50,000) |

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

**Local Effect:** None.

**Small Business Effect:** None.

**Analysis**

**Bill Summary:** The Secretary of Labor, Licensing, and Regulation 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 for domestic workers are submitted directly to the Department of Labor, Licensing, and Regulation (DLLR) on a quarterly basis.

**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, 2001 through September 30, 2002, domestic employers in Maryland paid \$905,190 in UI taxes. Assuming the current rate of interest paid by the U.S. Treasury (6%), UITF interest income would decrease by approximately \$35,000.

**State Expenditures:** The Office of the Comptroller advises that if the Comptroller is responsible for sending forms, costs could increase by \$50,000 in fiscal 2005 for artwork, printing, and mailing of additional pages for State forms.

**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 interagency 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 Labor, Licensing, and Regulation reaches an agreement with appropriate federal authorities. The bill will have no fiscal impact until such an agreement is reached.

## **Additional Information**

**Prior Introductions:** HB 593 of 1996 and HB 314 of 2002 received unfavorable reports in the Economic Matters Committee.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 4, 2003  
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