

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

Senate Bill 262

(Senator Middleton, *et al.*)

Finance

Economic Matters

Unemployment Insurance Funding Task Force - Extension

This bill extends the termination date of the Unemployment Insurance Funding Task Force by one year from December 31, 2003 to December 31, 2004. In addition, the task force's findings and recommendations are due by December 31, 2004, instead of December 1, 2003.

The bill takes effect June 1, 2004.

Fiscal Summary

State Effect: Any expense reimbursements for task force members and staffing costs for the Department of Legislative Services and the Department of Labor, Licensing, and Regulation are assumed to be minimal and absorbable within existing budgeted resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Chapter 269 of 2003 established the Unemployment Insurance Funding Task Force for the purposes of reviewing Maryland's overall unemployment insurance system. Specifically, the task force is charged with examining the fairness of the existing charging and taxation system; the fairness of the existing eligibility and benefit provisions; the need for altering the current system of charging and taxation in order to

maintain the Unemployment Insurance Trust Fund at a level sufficient to meet benefit needs; and the impact of changes in the national and State economies and their relationship to changes in the fund. The task force is required to report its findings and recommendations by December 1, 2003. The task force is comprised of legislators, representatives of business and labor, a State agency representative, an economist, and an academic professional.

Background: The task force held six meetings during the 2003 interim, with discussion focusing mainly on alternatives that impact the taxation system, the noncharging provisions, and benefits and eligibility requirements.

Taxation System: The task force is considering alternatives that would raise the minimum rate, increase every step of the surtax table by the same amount, raise the maximum rate, raise or index the taxable wage base, base the surtax on the business' actual experience rating, create different tax rate tables to be used in different economic climates, or suppress the surtax for 2004.

Noncharging Provisions: The task force is considering alternatives that would charge employers for the unemployment insurance benefits paid that are attributable to individuals voluntarily quitting employment, increase the penalty that an employee must serve before being eligible for benefits, require the posting of a security or letter of credit for all employers or new employers, or alter the formula for new employers.

Benefits and Eligibility Requirements: The task force is considering alternatives that would alter the base period to be the "most recently completed four quarters" if an individual does not have sufficient wages in the base period to qualify for benefits, change to a "variable duration of benefits," impose a one-week waiting period for a claimant to receive a first check, extend benefits to certain part-time workers, deduct all severance payments from benefits in all lay off situations, raise the amount of dependents' allowances per child, or eliminate completely dependents' allowances.

Additional Information

Prior Introductions: None.

Cross File: HB 479 (Delegate Doory, *et al.*) – Economic Matters.

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

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