

HOUSE BILL 1323

K2

71r0089

By: **Chair, Economic Matters Committee (By Request – Departmental – Labor, Licensing and Regulation)**

Introduced and read first time: February 28, 2007

Assigned to: Rules and Executive Nominations

Re-referred to: Economic Matters, March 2, 2007

Committee Report: Favorable

House action: Adopted

Read second time: March 25, 2007

CHAPTER _____

1 AN ACT concerning

2 **Unemployment Insurance – Taxable Wage Base**

3 FOR the purpose of clarifying the calculation of the taxable wage base for purposes of
4 the unemployment insurance law; and generally relating to the calculation of
5 the taxable wage base under the unemployment insurance law.

6 BY repealing and reenacting, with amendments,
7 Article – Labor and Employment
8 Section 8–607
9 Annotated Code of Maryland
10 (1999 Replacement Volume and 2006 Supplement)

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

13 **Article – Labor and Employment**

14 8–607.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (a) Except as provided in Part III of this subtitle, an employing unit shall
2 pay to the Secretary contributions for the Unemployment Insurance Fund on taxable
3 wages for covered employment that is performed for the employing unit.

4 (b) (1) Subject to paragraph (2) of this subsection, the taxable wage base
5 is the first \$8,500 in wages that:

6 (i) an employing unit pays to each employee for covered
7 employment during a calendar year; [or]

8 (ii) an employing unit [or predecessor employer, or combination
9 of both, pays to each employee who was continuously employed immediately before
10 and after a transfer of a business, for covered employment in this State or another
11 state during a calendar year.] **PAYS TO EACH EMPLOYEE FOR COVERED
12 EMPLOYMENT IN THIS STATE AND ANOTHER STATE DURING A CALENDAR YEAR
13 IF THE EMPLOYEE WAS CONTINUOUSLY EMPLOYED IMMEDIATELY BEFORE AND
14 AFTER A TRANSFER OF A BUSINESS FROM ANOTHER STATE DURING A CALENDAR
15 YEAR;**

16 **(III) A REORGANIZED EMPLOYER PAYS TO EACH EMPLOYEE
17 FOR COVERED EMPLOYMENT IF THE EMPLOYEE WAS CONTINUOUSLY EMPLOYED
18 IMMEDIATELY BEFORE AND AFTER THE REORGANIZATION IN A CALENDAR YEAR
19 AND IF THE CONTRIBUTION RATE OF THE REORGANIZED EMPLOYER IS BASED
20 ON THE EXPERIENCE WITH PAYROLLS AND BENEFIT CHARGES OF THE
21 EMPLOYING UNIT BEFORE THE REORGANIZATION IN ACCORDANCE WITH §
22 8-613(B) OF THIS SUBTITLE; OR**

23 **(IV) AN EMPLOYING UNIT OR PREDECESSOR EMPLOYER OR
24 COMBINATION OF BOTH PAYS TO EACH EMPLOYEE FOR COVERED EMPLOYMENT
25 DURING A CALENDAR YEAR IF THE PAYROLLS AND BENEFIT CHARGES OF THE
26 PREDECESSOR EMPLOYING UNIT ARE TRANSFERRED TO THE SUCCESSOR
27 EMPLOYING UNIT IN ACCORDANCE § 8-613(D) OR (E) OF THIS SUBTITLE.**

28 (2) If the Federal Unemployment Tax Act or any other federal tax law
29 that allows a credit for a contribution to a state unemployment insurance fund
30 increases the maximum amount of wages taxable under that law in a calendar year to
31 more than \$8,500, the taxable wage base under paragraph (1) of this subsection shall
32 be the same as under the federal law.

33 (c) (1) The Secretary shall determine the rate of contribution for each
34 employing unit as of the computation date for the next calendar year.

1 (2) The rate of contribution is effective for 1 calendar year.

2 (d) (1) By regulation, the Secretary shall set:

3 (i) the date when contributions are due; and

4 (ii) the manner in which contributions are to be paid.

5 (2) In accordance with regulations adopted by the Secretary, an
6 employing unit shall:

7 (i) submit to the Secretary periodic reports for determination of
8 the amount of contributions due; and

9 (ii) pay the contribution.

10 (3) For payment of contributions, a fractional part of a cent:

11 (i) that is less than one-half cent shall be disregarded; and

12 (ii) that is one-half cent or more shall be increased to 1 cent.

13 (e) Wages paid by a private, for-profit employing unit to an inmate of a
14 custodial or penal institution before the inmate is permanently released from the
15 custodial or penal institution, including released by parole, may not constitute taxable
16 wages.

17 (f) An employing unit may not deduct contributions, wholly or partly, from
18 the wages of an employee.

19 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 October 1, 2007.