

CHAPTER 471

(House Bill 1323)

AN ACT concerning

Unemployment Insurance – Taxable Wage Base

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

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

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

Article – Labor and Employment

8–607.

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

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

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

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

AFTER A TRANSFER OF A BUSINESS FROM ANOTHER STATE DURING A CALENDAR YEAR;

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

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

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

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

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

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

(i) the date when contributions are due; and

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

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

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

(ii) pay the contribution.

- (3) For payment of contributions, a fractional part of a cent:
 - (i) that is less than one-half cent shall be disregarded; and
 - (ii) that is one-half cent or more shall be increased to 1 cent.

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

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

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

Approved by the Governor, May 8, 2007.