HB 1003

Department of Legislative Services

Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

House Bill 1003 (Delegates W. Miller and Bates)
Economic Matters

Unemployment Insurance Benefits - Disqualification

This bill disqualifies a claimant for unemployment insurance (UI) benefits from receiving benefits if that individual's unemployment resulted from being discharged because the individual was no longer legally able to work in the United States.

Fiscal Summary

State Effect: None. State law prohibits individuals who are not legally able to work from receiving UI benefits.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Maryland law expressly disallows UI benefits for workers who cannot provide proof of legal residence for the period the individual was employed. In order to qualify for UI benefits an individual must be able to work, available for work, and actively seeking work.

Background: Unemployment insurance provides temporary, partial wage replacement benefits to individuals who are unemployed through no fault of their own and who are able to work, available to work, and actively seeking work. Both the federal and state governments have responsibilities for unemployment compensation. The U.S. Department of Labor oversees the UI system, while each state has its own program that is administered pursuant to state law by state employees. Each state has laws that prescribe the tax structure, qualifying requirements, benefit levels, and disqualification provisions. These laws must, however, conform to broad federal guidelines.

An undocumented worker or a worker who cannot be legally employed is not available to work and thus does not qualify for UI benefits under current law. Employers who hire undocumented workers typically either pay cash "under the table" to the worker to avoid the payment of UI taxes or they comply and pay UI taxes on that worker's earnings. As the undocumented employee cannot file a claim if terminated or laid off, no benefits are charged to the employer's account; therefore, the employer's tax rate does not increase unless the employer terminates authorized workers.

Additional Information

Prior Introductions: None.

Cross File: SB 537 (Senator Kittleman) - Finance.

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

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ncs/rhh

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