

HOUSE BILL 554

K2

5lr2051
CF 5lr2118

By: **Delegate Charkoudian**

Introduced and read first time: January 22, 2025

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Unemployment Insurance Modernization Act of 2025**

3 FOR the purpose of repealing and establishing the methodology used to calculate the
4 weekly benefit amount; altering the taxable wage base used to determine employer
5 contributions to the Unemployment Insurance Trust Fund, the dependent allowance,
6 and the amount of earned wages subtracted from a weekly benefit amount; requiring
7 the Maryland Department of Labor, on or before a certain date each year, to
8 determine and make available online the State annual average wage applicable to
9 the rate of contribution; requiring the Secretary of Labor to set the taxable wage base
10 and the maximum weekly benefit amount in a certain manner for certain years; and
11 generally relating to unemployment insurance.

12 BY repealing

13 Article – Labor and Employment

14 Section 8–803

15 Annotated Code of Maryland

16 (2016 Replacement Volume and 2024 Supplement)

17 BY repealing and reenacting, with amendments,

18 Article – Labor and Employment

19 Section 8–607(b), (c), and (d)(1) and 8–804

20 Annotated Code of Maryland

21 (2016 Replacement Volume and 2024 Supplement)

22 BY adding to

23 Article – Labor and Employment

24 Section 8–803

25 Annotated Code of Maryland

26 (2016 Replacement Volume and 2024 Supplement)

27 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 That Section(s) 8–803 of Article – Labor and Employment of the Annotated Code of
2 Maryland be repealed.

3 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
4 as follows:

5 **Article – Labor and Employment**

6 8–607.

7 (b) (1) Subject to paragraph (2) of this subsection, the taxable wage base is the
8 [first \$8,500 in wages] **AMOUNT SET UNDER SUBSECTION (C)(3) OF THIS SECTION** that:

9 (i) an employing unit pays to each employee for covered employment
10 during a calendar year;

11 (ii) an employing unit pays to each employee for covered employment
12 in this State and another state during a calendar year if the employee was continuously
13 employed immediately before and after a transfer of a business from another state during
14 a calendar year;

15 (iii) a reorganized employer pays to each employee for covered
16 employment if the employee was continuously employed immediately before and after the
17 reorganization in a calendar year and if the contribution rate of the reorganized employer
18 is based on the experience with payrolls and benefit charges of the employing unit before
19 the reorganization in accordance with § 8–613(b) of this subtitle; or

20 (iv) an employing unit or predecessor employer or combination of
21 both pays to each employee for covered employment during a calendar year if the payrolls
22 and benefit charges of the predecessor employing unit are transferred to the successor
23 employing unit in accordance with § 8–613(d) or (e) of this subtitle.

24 (2) If the Federal Unemployment Tax Act or any other federal tax law that
25 allows a credit for a contribution to a state unemployment insurance fund increases the
26 maximum amount of wages taxable under that law in a calendar year to **AN AMOUNT THAT**
27 **IS** more than **[\$8,500] THE PERCENTAGE OF THE AVERAGE ANNUAL WAGE FOR**
28 **EMPLOYEES IN THE STATE SET UNDER SUBSECTION (C)(3) OF THIS SECTION**, the
29 taxable wage base under paragraph (1) of this subsection shall be the same as under the
30 federal law.

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

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

34 **(3) (1) ON OR BEFORE JANUARY 31 EACH YEAR, THE DEPARTMENT**

1 SHALL:

2 1. DETERMINE THE AVERAGE ANNUAL WAGE FOR
3 EMPLOYEES IN THE STATE DURING THE CALENDAR YEAR OF THE COMPUTATION
4 DATE; AND

5 2. MAKE AVAILABLE ON ITS WEBSITE THE AVERAGE
6 ANNUAL WAGE FOR EMPLOYEES IN THE STATE APPLICABLE TO THE RATE OF
7 CONTRIBUTION.

8 (II) 1. THE SECRETARY SHALL ANNUALLY SET THE TAXABLE
9 WAGE BASE AS AN INCREASING PERCENTAGE OF THE AVERAGE ANNUAL WAGE FOR
10 EMPLOYEES IN THE STATE UNTIL THE TAXABLE WAGE BASE PROVIDED UNDER
11 SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH IS IN EFFECT.

12 2. BEGINNING CALENDAR YEAR 2028 AND EACH
13 CALENDAR YEAR THEREAFTER, THE TAXABLE WAGE BASE SHALL BE 20% OF THE
14 AVERAGE ANNUAL WAGE FOR EMPLOYEES IN THE STATE.

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

16 (i) THE TAXABLE WAGE BASE;

17 (II) the date when contributions are due; and

18 [(ii)] (III) subject to § 8–607.1 of this subtitle, the manner in which
19 contributions are to be paid.

20 8–803.

21 (A) IN THIS SECTION, “STATE AVERAGE WEEKLY WAGE” MEANS THE
22 AVERAGE WEEKLY WAGE IN THE STATE, AS DETERMINED BY THE DEPARTMENT,
23 BASED ON THE WAGES IN TOTAL COVERED EMPLOYMENT FOR ALL EMPLOYERS IN
24 THE STATE FOR THE IMMEDIATELY PRECEDING CALENDAR YEAR.

25 (B) (1) (I) THE WEEKLY BENEFIT AMOUNT PAYABLE TO A CLAIMANT
26 UNDER THIS SECTION SHALL BE AT LEAST 15% OF THE STATE AVERAGE WEEKLY
27 WAGE BUT NOT MORE THAN THE AMOUNT OF THE STATE AVERAGE WEEKLY WAGE
28 SET UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH.

29 (II) 1. THE SECRETARY SHALL ANNUALLY SET THE
30 MAXIMUM WEEKLY BENEFIT AMOUNT AS AN INCREASING PERCENTAGE OF THE
31 STATE AVERAGE WEEKLY WAGE UNTIL THE MAXIMUM WEEKLY BENEFIT AMOUNT
32 PROVIDED UNDER SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH IS IN EFFECT.

1 **2. BEGINNING CALENDAR YEAR 2028 AND EACH**
2 **CALENDAR YEAR THEREAFTER, THE MAXIMUM WEEKLY BENEFIT SHALL BE**
3 **50% OF THE STATE AVERAGE WEEKLY WAGE.**

4 **3. THE SECRETARY SHALL ADOPT REGULATIONS TO**
5 **CARRY OUT THIS SUBPARAGRAPH.**

6 **(2) FOR PURPOSES OF DETERMINING THE MINIMUM AND MAXIMUM**
7 **WEEKLY BENEFIT AMOUNTS UNDER THIS SECTION, THE DEPARTMENT SHALL**
8 **CALCULATE AND UPDATE THE STATE AVERAGE WEEKLY WAGE ON JULY 1 EACH**
9 **YEAR.**

10 **(C) (1) FOR PURPOSES OF ASSIGNING A WEEKLY BENEFIT AMOUNT TO A**
11 **CLAIMANT, THE CLAIMANT'S WEEKLY BENEFIT AMOUNT SHALL BE COMPUTED BY**
12 **DIVIDING THE WAGES THAT THE CLAIMANT WAS PAID FOR COVERED EMPLOYMENT**
13 **IN THE CALENDAR QUARTER OF THE CLAIMANT'S BASE PERIOD IN WHICH THOSE**
14 **WAGES WERE THE HIGHEST BY 24.**

15 **(2) IN COMPUTING BENEFITS UNDER THIS SUBSECTION, A FRACTION**
16 **OF A DOLLAR SHALL BE ROUNDED TO THE NEXT HIGHER DOLLAR.**

17 **(D) THE WEEKLY BENEFIT AMOUNT CALCULATED UNDER THIS SECTION**
18 **THAT IS IN EFFECT ON THE FIRST DAY OF A CLAIMANT'S BENEFIT YEAR APPLIES TO**
19 **THE CLAIMANT THROUGHOUT THAT BENEFIT YEAR.**

20 **(E) (1) EXCEPT AS PROVIDED IN § 8-1207 OF THIS TITLE FOR THE WORK**
21 **SHARING PROGRAM, AN ELIGIBLE CLAIMANT SHALL BE PAID A WEEKLY BENEFIT**
22 **AMOUNT THAT IS COMPUTED BY:**

23 **(I) ASSIGNING THE CLAIMANT'S WEEKLY BENEFIT AMOUNT**
24 **UNDER SUBSECTION (C) OF THIS SECTION;**

25 **(II) ADDING ANY ALLOWANCE FOR A DEPENDENT TO WHICH THE**
26 **CLAIMANT IS ENTITLED UNDER § 8-804 OF THIS SUBTITLE; AND**

27 **(III) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION,**
28 **SUBTRACTING ANY WAGES EXCEEDING \$50 PAYABLE TO THE CLAIMANT FOR THE**
29 **WEEK.**

30 **(2) EACH YEAR THE SECRETARY SHALL ADJUST THE AMOUNT OF**
31 **WAGES REQUIRED TO BE SUBTRACTED UNDER PARAGRAPH (1)(III) OF THIS**
32 **SUBSECTION FOR INFLATION.**

1 **(3) IN COMPUTING BENEFITS UNDER THIS SUBSECTION, A FRACTION**
2 **OF A DOLLAR SHALL BE ROUNDED TO THE NEXT HIGHER DOLLAR.**

3 **(4) A PAYMENT TO AN INDIVIDUAL AS COMPENSATION FOR SERVING**
4 **AS AN ELECTION JUDGE FOR A LOCAL BOARD OF ELECTIONS IN THE STATE MAY NOT**
5 **BE INCLUDED WHEN COMPUTING THE WAGES REQUIRED TO BE SUBTRACTED UNDER**
6 **PARAGRAPH (1)(III) OF THIS SUBSECTION.**

7 **(F) ANY CHILD SUPPORT PAYMENT THAT IS REQUIRED UNDER § 8-807 OF**
8 **THIS SUBTITLE SHALL BE WITHHELD FROM BENEFITS.**

9 8-804.

10 (a) (1) Subject to subsection (b) of this section, in addition to the weekly benefit
11 amount [in the schedule of benefits] **ASSIGNED IN ACCORDANCE WITH § 8-803 OF THIS**
12 **SUBTITLE**, a claimant shall be paid an allowance of **[\$8] \$25** for each child, adopted child,
13 or stepchild of the claimant who, on the 1st day of the benefit year, is:

14 (i) wholly or partly supported by the claimant; and

15 (ii) under 16 years of age.

16 (2) A claimant shall submit to the Secretary the Social Security number or
17 copy of the birth certificate of each dependent for whom the claimant is to be paid an
18 allowance.

19 (b) (1) An allowance under this section is not payable:

20 (i) for more than 5 dependents of the claimant;

21 (ii) for longer than the number of weeks of benefits allowable to the
22 claimant for total unemployment; or

23 (iii) for any week in which an unemployment benefit is not payable
24 to the claimant.

25 (2) Benefits and the allowance under this section in any 1 week may not
26 exceed the [highest] **STATE MAXIMUM** weekly benefit amount [in the schedule of benefits],
27 **AS DETERMINED UNDER § 8-803 OF THIS SUBTITLE.**

28 **(3) EACH YEAR THE SECRETARY SHALL ADJUST THE AMOUNT OF THE**
29 **ALLOWANCE REQUIRED UNDER SUBSECTION (A) OF THIS SECTION FOR INFLATION.**

30 (c) (1) The number of a claimant's dependents shall be determined as of the

1 1st day of the benefit year and shall be fixed for the duration of the benefit year.

2 (2) After an individual has been determined to be a dependent of a
3 claimant, the individual may not be considered to be a dependent of any other claimant
4 whose benefit year starts within 1 year after the determination.

5 (d) In the computation of a contribution rate under Part II of Subtitle 6 of this
6 title, an allowance for a dependent shall be considered a benefit.

7 (e) Notwithstanding subsection (d) of this section, an allowance for a dependent
8 may not be deducted from a claimant's benefit account.

9 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
10 1, 2025.