



LEGISLATIVE POSITION:

Letter of Information

House Bill 1139

Unemployment Insurance—Weekly Benefit Amount—Income Disregard

House Economic Matters Committee

Tuesday, February 23, 2021

Dear Chairman Davis and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 5,000 members and federated partners, and we work to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

House Bill 1139 would increase from \$50 to \$300 the maximum amount of wages disregarded when computing the weekly benefit amount to be paid to an unemployment insurance benefits claimant for the duration of the COVID-19 pandemic state of emergency.

The health of Maryland's Unemployment Trust Fund remains of great concern to the business community. As economic recovery from the pandemic continues, the stability of the Trust Fund remains precarious. In addition to placing a strain on the payout of benefits to struggling workers who need UI benefits, depletion of the trust fund balance will force Maryland employers, many of whom have closed their doors through no fault of their own, to face significant unemployment tax increases in 2021 and in future years. Even businesses fortunate to remain open and keep employees on payroll will incur premium increases as a result of a low trust fund balance with a change to higher tax tables.

The Chamber and its members have continued to urge Congress to consider grants or forgivable loans to address the trust fund balance issue. Aid from the federal government would allow states like ours to avoid significant UI tax increases for employers—who are already struggling with the economic and financial impacts of the pandemic—in 2021 and in future years. However, in the absence of federal action, the state must step in to address the health of our Unemployment Insurance Trust Fund.

While we have long maintained that UI claimants must have access to and expeditiously receive the benefits to which they are entitled, we are concerned that HB 1139 will put an additional financial strain on the Trust Fund and exacerbate the challenges faced by employers outlined

above. We urge the General Assembly to consider policies that balance the need of claimants with the rising costs to employers.

To that end, we urge support for initiatives that address the computation of the earned rate of contribution and the applicable table of rates for employers who contribute to the Unemployment Insurance Trust Fund. Such initiatives would blunt the cost impact of rising UI premiums and provide much needed relief as we move toward economic recovery.

