



LEGISLATIVE POSITION:

Favorable

Senate Bill 64

**Unemployment Insurance – Earned Rating Record –
Waiver of Benefit Charges Due to COVID-19
Senate Finance Committee**

Tuesday, February 9, 2021

Dear Chairwoman Kelley 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.

The COVID-19 pandemic has been an extremely sensitive and challenging time for Maryland's employer community. Ensuring the health and safety of their employees, the public, and their business has been front of mind while navigating a time of ever-changing information. A wide breadth of industry sectors have taken significant losses as a result of the forced government shutdowns. The Comptroller's Office has estimated that as many as 30,000 Maryland businesses may shut their doors as a result of the current economic situation.

A major barrier to recovery for employers that has risen from the government shutdowns has been the rising cost of unemployment insurance taxes. Unemployment insurance tax rates are based on two factors; the first being an employer's "experience rating", and the second being the statutorily mandated table of rates which the state determines based on the health of the Unemployment Insurance Trust Fund.

When the economy was shutdown, employers were forced to layoff their employees at no fault of their own. This in turn caused employers "experience ratings" to be negatively impacted, increasing their unemployment insurance taxes. This was done outside of the employer's control. SB 64 seeks to rectify this problem by waiving the benefit charges for tax year 2020 and calculating an employer's "experience rating" on the 2017, 2018, and 2019 years.

SB 64 protects Maryland's employers from rising unemployment insurance taxes which are through no fault of their own. Keeping this tax down helps keep money in the pocket of Maryland businesses, their doors open, and employees on the payroll. For these reasons, the Chamber respectfully requests a **favorable report** on **Senate Bill 64**.