



March 2, 2021

TO: The Honorable Delores G. Kelley, Chair
The Honorable Brian J. Feldman, Vice Chair
Members of the Senate Finance Committee
3 East
Miller Senate Office Building
Annapolis, MD 21401

FROM: Jocelyn Collins, Maryland & Washington, D.C. Government Relations Director
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SUBJECT: SB 790 Unemployment Insurance – Reimbursing Employers – Deferral of Payment During a State of Emergency for COVID–19

POSITION: SUPPORT

We thank you for the opportunity to provide comments in SUPPORT of **SB 790 Unemployment Insurance – Reimbursing Employers – Deferral of Payment During a State of Emergency for COVID–19**.

We write to you as representatives of nonprofits and nonprofit charitable organizations, all of which are doing whatever it takes to serve those in need: supporting those who have been diagnosed with serious illness, providing access to critical health care services, feeding those who are hungry, providing quality education, caring for young children, the elderly, and those with disabilities, and more. Our organizations are not only critical service providers, but we are also Maryland employers who are facing significant financial strain due to COVID-19 at a time when our services are needed the most.

A governmental entity (Federal, State, County, Municipal government employers) or a 501(C)(3) nonprofit organization can choose to be a direct reimbursement employer, in that it may choose not to pay quarterly unemployment contributions, but instead pay, on a dollar-for-dollar basis, all of the unemployment benefits awarded to a former worker. Nonprofits make an actuarial decision to be a direct reimbursement employer based on the size and stability of their workforce and regular fluctuation of economic conditions. This pandemic is unprecedented — no one could have foreseen an instance where a significant number of an organization’s workforce was laid off at once at a time when their services are needed the most.



To be able to continue to provide services, SB 790 would provide much needed relief by delaying reimbursement to the Unemployment Insurance Fund to within thirty (30) days or within one (1) year after the date on which the state of emergency declared by the Governor due to the COVID-19 pandemic ends.

Additionally, we would support Sponsor amendments to bring the legislation in line with the provisions approved for smaller reimbursing employers in Senate Bill 496. To the extent that federal assistance is continued past its expiration later this month, the Trust Fund would continue to receive partial payments of these liabilities. At least ten other states provided full relief from these Covid-19 costs for all reimbursing nonprofits during 2020.

Community-based charitable organizations like ours have long been on the front lines supporting Maryland individuals and families. However, the necessary actions of canceled school days, closed restaurants and prohibited gatherings have impacted the ability of our organization to raise money to fulfill our mission. The need for our services and programs do not stop and our organization cannot stop either.

We appreciate everything you are doing to curb the impact of the coronavirus pandemic across the state and thank you for your consideration of our input and ask for a **FAVORABLE report** on SB 790.