

CHERYL C. KAGAN  
Legislative District 17  
Montgomery County

Vice Chair  
Education, Health, and  
Environmental Affairs Committee

Joint Audit Committee  
Joint Committee on Federal Relations



Miller Senate Office Building  
11 Bladen Street, Suite 2 West  
Annapolis, Maryland 21401  
301-858-3134 • 410-841-3134  
800-492-7122 Ext. 3134  
Fax 301-858-3665 • 410-841-3665  
Cheryl.Kagan@senate.state.md.us

THE SENATE OF MARYLAND  
ANNAPOLIS, MARYLAND 21401

**SB790: Unemployment Insurance – Reimbursing Employers – Deferral of Payment  
During a State of Emergency for COVID–19 Testimony  
Tuesday, March 2, 2021 at 1pm | Senate Finance Committee**

Nonprofit organizations (those exempt under section 501(c)(3) of the federal tax code) usually self-insure rather than make payments into Maryland’s Unemployment Trust Fund. Like nonprofits, local governments tend to be “reimbursing employers” as opposed to “rate-payers.” Normally, there isn’t high staff turnover, so they can save money for their community-oriented work.

The Coronavirus pandemic has forced some nonprofit organizations and local governments to lay off employees. The R.E.L.I.E.F. Act ([SB496](#)) allowed nonprofit organizations and local governments with fewer than 50 employees to defer unemployment insurance payments until January 2022. [SB790](#) (as amended) would strike “that employs fewer than 50 individuals,” allowing **any** nonprofit or local government struggling because of pandemic-related losses to delay these cumbersome payments until January 2022. By then, COVID-19 will hopefully be behind us.

The disastrous economic impact of the pandemic has been unprecedented. Nonprofit organizations and local governments are on the front line of providing access to health care, disability assistance, food distribution, senior care, and other services critical to the health and safety of Marylanders. Annual nonprofit fundraising events that raise significant funds have been canceled. SB790, as amended, will ensure that these organizations have time to recover from the financial hit they have taken.

**I urge a “favorable with amendment” report on SB790.**



**SB0790/243126/1**

AMENDMENTS  
PREPARED  
BY THE  
DEPT. OF LEGISLATIVE  
SERVICES

26 FEB 21  
10:11:07

BY: Senator Kagan  
(To be offered in the Finance Committee)

AMENDMENTS TO SENATE BILL 790  
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, strike “**Reimbursing Employers –**”; in lines 2 and 3, strike “**Payment During a State of Emergency for COVID-19**” and substitute “**Reimbursement Payments and Contribution and Employment Reports – Application**”; strike beginning with “extending” in line 4 down through “paid;” in line 6 and substitute “altering the nonprofit organizations and governmental entities that may elect to defer payments of reimbursement bills for a certain calendar year; altering the nonprofit organizations and governmental entities that may be authorized by the Secretary of Labor to defer paying a reimbursement bill in a certain calendar year; altering the employing units that may elect to defer submitting certain contribution and employment reports for certain calendar quarters; altering the employing units that maybe be authorized by the Secretary to defer submitting a certain contribution and employment report for certain calendar quarters;”; in line 7, strike “construction” and substitute “application”; in line 8, strike “providing for the termination of this Act;”; in the same line, strike “repayment” and substitute “deferrals”; in line 9, strike “benefits by reimbursing employers” and substitute “reimbursement payments and contribution and employment reports”; in line 12, strike “8-601(a), (b), and (d) and”; in line 17, after “8-620(a)” insert “and 8-626(a)”; and after line 19, insert:

“(As enacted by Chapter 39 of the Acts of the General Assembly of 2021)”.

AMENDMENT NO. 2

On pages 1 and 2, strike in their entirety the lines beginning with line 23 on page 1 through line 4 on page 2, inclusive.

On page 2, strike in their entirety lines 8 through 21, inclusive, and substitute:

(Over)

“(2) Except as provided in paragraphs (3) and (4) of this subsection, unless there is an application for review and redetermination of a bill under § 8–621 of this subtitle, a nonprofit organization or governmental entity shall pay the bill under this section within 30 days after the Secretary mailed the bill to the last known address of the nonprofit organization or governmental entity or otherwise delivered the bill to it.

(3) (i) For calendar year 2021, a nonprofit organization or governmental entity [that employs fewer than 50 individuals] may elect to defer payment of the bills under this section for the calendar quarters ending on March 31, June 30, and September 30.

(ii) A nonprofit organization or governmental entity that elects to defer the payment of a bill as authorized under subparagraph (i) of this paragraph:

1. shall submit the payment on or before the date on which the payment for the calendar quarter ending December 31, 2021, is due;

2. may not be required by the Secretary to file for an extension;

3. notwithstanding § 8–622 of this subtitle, may not be considered delinquent in making the payment during the period for which the payment is deferred; and

4. may not be assessed interest that accrues under § 8–628 of this subtitle for the period for which the payment is deferred.

(4) (i) For calendar year 2022, the Secretary may authorize a nonprofit organization or governmental entity [that employs fewer than 50 individuals] to defer paying a bill.

(ii) If the Secretary authorizes a nonprofit organization or governmental entity to defer paying a bill in accordance with subparagraph (i) of this paragraph:

1. the Secretary shall establish the date on which the payment is due;

2. the nonprofit organization or governmental entity may not be required by the Secretary to file for an extension;

3. notwithstanding § 8–622 of this subtitle, the nonprofit organization or governmental entity may not be considered delinquent in making the payment during the period for which the payment is deferred; and

4. the nonprofit organization or governmental entity may not be assessed interest that accrues under § 8–628 of this subtitle for the period for which the payment is deferred.”;

and after line 31, insert:

“8–626.

(a) (1) Subject to paragraphs (2) and (3) of this subsection, for each calendar quarter, each employing unit shall submit to the Secretary a contribution and employment report on or before the date that the Secretary sets.

(2) (i) For calendar year 2021, an employing unit [that employs fewer than 50 individuals] may elect to defer submitting contribution and employment reports for the calendar quarters ending on March 31, June 30, and September 30.

(ii) An employing unit that elects to defer the submission of a contribution and employment report as authorized under subparagraph (i) of this paragraph:

1. shall submit the report on or before the date on which the report for the calendar quarter ending December 31, 2021, is due;

2. may not be required by the Secretary to file for an extension; and

(Over)

3. may not be assessed interest that accrues under § 8–628 of this subtitle for the period for which the submission is deferred.

(3) (i) For calendar year 2022, the Secretary may authorize an employing unit [that employs fewer than 50 individuals] to defer submitting a contribution and employment report due in accordance with this section.

(ii) If the Secretary authorizes an employing unit to defer submitting a contribution and employment report in accordance with subparagraph (i) of this paragraph:

1. the Secretary shall establish the date on which the contribution and employment report is due;

2. the employing unit may not be required to file for an extension; and

3. the employing unit may not be assessed interest that accrues under § 8–628 of this subtitle for the period for which the submission is deferred.”.

On pages 2 and 3, strike in their entirety the lines beginning with line 32 on page 2 through line 2 on page 3, inclusive, and substitute:

“SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to apply only prospectively to bills for reimbursement or contributions and employment reports due on or after the effective date of this Act.”.

On page 3, strike beginning with “It” in line 7 down through “effect.” in line 11.