

**SB817\_FAV\_MRA.pdf**

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# MARYLAND RETAILERS ASSOCIATION

*The Voice of Retailing in Maryland*



**SB771, SB790, SB811, SB814, SB816, SB817, SB818**

**Finance Committee**

**March 2, 2021**

**Position:** Favorable (SB817)

**Background:** A variety of bills have been filed to address the structure and solvency of the state's Unemployment Insurance Trust Fund (UITF). The Maryland Retailers Association (MRA) serves on the State's Joint Committee on Unemployment Insurance that meets to review and discuss bills to try to find consensus on changes to the law. Unfortunately, the Committee has not been able to meet yet this year due to the unusual nature of the 2021 Session. Stakeholder involvement is critical to be sensitive to many concerns.

**Comments:** Due to the business closures and economic burdens caused by the COVID-19 pandemic, the UTIF balance is currently shrinking at the fastest rate that we have experienced in the last century. According to the Issue Papers developed by the Department of Legislative Services, claimants received \$1.4 billion in benefits from the UTIF between March and September 2020.

Employers in Maryland are responsible for paying into the State UTIF, and their unemployment insurance tax rates are based in part on the solvency of the UTIF. As this Committee is considering a variety of bills that have been proposed regarding this issue, MRA has concerns that some proposals, including those to increase the income disregard amount for weekly benefits, could have an adverse effect on small businesses by drastically increasing the unemployment insurance tax rates for businesses. We urge the committee to be sensitive to the financial challenges that are not resolved for many businesses who could be crushed by such a massive, immediate increase.

MRA would respectfully recommend that this body move measures such as those proposed in SB811, which was modeled after legislation passed in New Jersey. This proposal would create a phase-in system for employers so they do not go from table F to table A overnight. Mitigating these increases would more appropriately balance providing for the solvency of UTIF with protecting small businesses from high tax rates.

MRA also supports proposals like those included in SB814 and SB816, which would help to ease the burdens on small businesses that are still recovering from the shut-downs imposed due to the pandemic. Additionally, MRA supports efforts to study the current UTIF system, like those proposed in SB817. MRA would be happy to review and work with proponents on SB771, SB790, and SB818.

Thank you for your consideration. We look forward to working with the Committee on this important issue.

# **SB817\_StrongFutureMaryland\_FAV.pdf**

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**Testimony in Support of Senate Bill 817 (Senator Klausmeier)  
Unemployment Insurance – Study on System Reforms  
FAVORABLE**

March 2, 2021

To Chair Davis and Members of the Finance Committee:

On behalf of Strong Future Maryland, we write in strong support of Senate Bill 817. Strong Future Maryland works to advance bold, progressive policy changes to address systemic inequality and promote a sustainable, just and prosperous economic future for all Marylanders.

According to the Maryland Department of Labor, more than 120,000 of the 760,954 claims processed since the onset of the pandemic have been denied due to eligibility issues. In addition, as of February 2021 almost 40,000 people had not yet received their benefits despite filing their claims last year. The current state of affairs is due in part to staff shortages but it should also be noted that the lack of attention paid to the program and the needlessly complicated and outdated procedures in place are also factors contributing to the Department's failure to evaluate and process claims in a timely manner.

Under the current system, thousands of families are struggling to make ends meet and are confronted with the difficult situation of having to cope for extended periods of time without any financial assistance. SB 817 aims to address this issue by requiring the Maryland Department of Labor with the assistance of the Department of Legislative Services to carry out a study in order to identify and make recommendations on possible corrective policy interventions that may be undertaken to address these issues. The study will also help to determine ways to increase the amount of money that households are eligible to receive for dependents, which will help to provide additional assistance for families who have lost their jobs and are struggling to put food on the table and pay their rent or mortgage payments. Unemployment benefits are essential to ensuring continued access to basic necessities such as food and shelter and play a crucial role in helping those who have recently been laid off to maintain a basic standard of living until they have successfully secured another job.

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We believe that the findings of this study will be invaluable in helping the legislature to identify the best and most effective way to expand the program and increase eligibility and extend unemployment benefits to workers who had previously been ineligible for assistance. In addition, the study will also allow us to explore and determine how to increase the amount of benefits available to claimants and the ways in which the payment system can be restructured to offset the rising cost of living and inflation. This is a problem that cannot wait and the passage of SB817 will be a step in the right direction in terms of expanding eligibility and ensuring that those who have recently been laid off are able to receive unemployment benefits in a timely manner.

We respectfully urge a favorable report.

On behalf of Strong Future Maryland,

John B. King  
Founder & Board Chair

Alice Wilkerson  
Executive Director

David Zheng  
Policy Intern