

SB 819_Unemployment Insurance_Weekly Benefit Amt_I

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MARYLAND
Chamber of Commerce

LEGISLATIVE POSITION:

Letter of Information

Senate Bill 819

Unemployment Insurance—Weekly Benefit Amount—Income Disregard

Senate Finance Committee

Tuesday, March 2, 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.

SB 819 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 SB 819 will put an additional financial strain on the Trust Fund and exacerbate the challenges faced by employers outlined

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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.



NFIB - UI Income Disregard - SB819 (2021).pdf

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NFIB-Maryland – 60 West St, Ste. 101 – Annapolis, MD 21401 – www.NFIB.com/Maryland

TO: Senate Finance Committee

FROM: NFIB – Maryland

DATE: March 2, 2021

RE: **SENATE BILL 819** – Unemployment Insurance – Weekly Benefit Amount – Income Disregard

Founded in 1943, NFIB is the voice of small business, advocating on behalf of America's small and independent business owners, both in Washington, D.C., and in all 50 state capitals. With more than 250,000 members nationwide, and nearly 4,000 here in Maryland, we work to protect and promote the ability of our members to grow and operate their business.

On behalf of Maryland's small businesses, NFIB-Maryland offers the following comments on Senate Bill 819 – legislation that would increase the income disregard amount for the purposes of computing the weekly amount of unemployment benefits from \$50 to \$300.

The Department of Legislative Services' Issue Papers notes that from March through September of 2020, the Unemployment Insurance Trust Fund paid out \$1.4 billion in benefits to claimants. Further, the UITF's balance is shrinking at a far greater rate than it experienced during the Great Recession.

Maryland employers are responsible for paying into the state's UITF. As such, their rates are based on a variety of factors, chief among them the solvency of the UITF. NFIB members are concerned increasing the income disregard amount sixfold will deplete the UITF at a much faster rate and lead to higher UI taxes for small businesses. Particularly at a time when the Maryland Department of Labor is in negotiations with the federal government to convert federal UI loans into grants.

Should the legislature choose to move forward with increasing the income disregard amount it is imperative to provide relief for Maryland rate payers. [Senate Bill 811](#) provides such relief by phasing in anticipated rate increases for Maryland employers.

SB819

Modeled after a law enacted in New Jersey, SB811 would provide an appropriate balance of protecting small businesses from large UI tax rates while still providing for the solvency of the UITF.

NFIB looks forward to working with the committee on the myriad issues surrounding the state's Unemployment Insurance Trust Fund as we move forward in rebounding from the economic crisis brought upon by COVID-19.