

NFIB - UI Rate Freeze - SB214 (2021).pdf

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Position: FAV



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

TO: Senate Finance Committee

FROM: NFIB – Maryland

DATE: February 9, 2021

RE: **SUPPORT SENATE BILL 214** – Unemployment Insurance – Computation of Earned Rate of Contribution – Applicable Table of Rates

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 supports Senate Bill 64 – legislation freezing the rate at which employers pay their unemployment insurance taxes.

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.

The important difference between then and now is the reason for such drops. At the beginning of the COVID-19 pandemic, many small businesses were forced to close their doors in the interest of public health. As a result, they were also forced to lay off or furlough employees.

Senate Bill 214 will ensure small business owners who are now showing signs of recovery are not met with a massive unemployment insurance tax bill. NFIB does understand, however, the state must maintain a level of solvency that will require some flexibility allowing the rates to fluctuate. We look forward to working with the committee to find a suitable path forward.

For these reasons **NFIB supports SB214** and requests a favorable committee report.

SB 214 - Sponsor Testimony

Uploaded by: Salling, Johnny Ray

Position: FAV

JOHNNY RAY SALLING
Legislative District 6
Baltimore County

Budget and Taxation Committee
Health and Human Services Subcommittee



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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

February 5, 2020

Senate Finance Committee
3 East, Miller Senate Office Building
Annapolis, MD 21401

Re: SB214
Position: Favorable

Dear Chair, Vice Chair, and Committee Members:

I would like to offer for your consideration Senate Bill 214. This bill deals with the calculation of the earned rate of contribution that employers pay on unemployment insurance.

The effects of the coronavirus have been detrimental on many of our businesses in our state, especially our small businesses. For the businesses that have continued to weather this storm, there has no doubt been an experience of fear, hardship, and uncertainty about how to continue. And while we are seeing signs that we are starting to defeat this virus, we still have a long way to go.

That is why I have offered up this bill in hopes that it could help our businesses and especially our small businesses. This year, our businesses moved to Table F in the ratings because of the unemployment issues that they faced. This move to Table F is an increase in the unemployment percentage rates that businesses have to pay which has caused a further economic hardship on businesses struggling to recover. This bill would instead keep our businesses in the lower Table A for a year after the State of Emergency has ended. With businesses paying a lower rate and coupled with other state legislation, hopefully we would see a quicker resurgence in our recovery from this virus.

Thank you for your time; I ask for a favorable report on this bill.

Sincerely,
Senator Johnny Ray Salling

SB 214_ Unemployment Insurance - Applicable Table o

Uploaded by: Griffin, Andrew

Position: INFO



LEGISLATIVE POSITION:

Letter of Information

Senate Bill 214

Unemployment Insurance – Computation of Earned Rate of Contribution

– Applicable Table of Rates

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. As Maryland workers began drawing from the Unemployment Insurance Trust Fund at record rates nearly depleting the fund. As the fund is drawn down, the state was forced to shift their table of rates from Table A, the lowest possible set of tax rates, to Table F, the highest possible set of tax rates. As a result, employers will experience higher unemployment insurance tax rates in the following years until the fund is replenished.

While the Maryland Chamber is supportive of the intent of SB 214, seeking to keep the table of rates set at Table A thus reducing the cost of employers, we recognize the challenging financial situation of the state's unemployment trust fund. The Maryland Chamber of Commerce and our

members look forward to working alongside the bill sponsor, this committee, and the Governor's administration to find an agreeable and equitable solution to providing financial relief to Maryland's employers during this challenging time.

