



Testimony to the Senate Budget & Taxation Committee
SB661: Unemployment Insurance – Tax Parity for Delayed Payments of Benefits
Position: Favorable

March 1, 2023

Honorable Guy Guzzone, Chair
Senate Budget & Taxation Committee
3 West, Miller Senate Office Building
Annapolis, Maryland 21401

cc: Members, Senate Budget & Taxation Committee

Honorable Chair Guzzone and Members of the Committee:

Economic Action Maryland (formerly the Maryland Consumer Rights Coalition) is a people-centered movement to expand economic rights, housing justice, and community reinvestment for working families, low-income communities, and communities of color. Economic Action Maryland provides direct assistance today while passing legislation and regulations to create systemic change in the future.

We are writing in support of SB661. This is necessary and just legislation that will help alleviate the financial burden experienced by many workers who lost their jobs due to the COVID-19 pandemic. The recession induced by the COVID-19 Pandemic resulted in steep job loss, pushing the unemployment rate to a high of 14.7% in 2020.¹ This average was even higher for workers of color with highs above 16% for Black employees.² These high rates of unemployment underlined the significance and need for Unemployment Insurance. Under the CARES Act, passed in March 2020, millions of individuals became eligible to receive some form of unemployment insurance. However, the level of need for unemployment insurance crowded the underfunded and outdated state UI delivery systems. The exhaustive use of this safety net revealed administrative failures that slowed implementation of program expansions and kept many individuals waiting to receive their checks.³

The delayed payments of benefits have caused immense financial hardships for millions of Americans who were already struggling to make ends meet. The economic inequality and systemic inequity highlighted by the pandemic cannot be ignored, and action must be taken to address these issues. This legislation will help bridge the gap between those who have been able to collect their benefits and those who have not, and ensure that delayed payments do not result in an unfair tax burden.

Moreover, this legislation will promote economic equity by ensuring that delayed unemployment payments are not taxed at a higher rate than regular payments. This is a crucial step towards ensuring that workers who are already facing financial hardship are not further burdened by taxes they cannot afford. SB661 improves the unemployment system - making it more equitable and just for all Marylanders.

For all these reasons we support SB661 and urge a favorable report.

Best,

Isadora Stern
Policy Manager

¹ <https://www.bls.gov/>

² <https://www.bls.gov/opub/mlr/2022/article/us-labor-market-shows-improvement-in-2021-but-the-covid-19-pandemic-continues-to-weigh-on-the-economy.htm#:~:text=The%20recession%20induced%20by%20the,to%20leave%20the%20labor%20force.>

³ <https://bipartisanpolicy.org/blog/administrative-failures-plague-state-unemployment-insurance-programs/>