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SB 661 Unemployment Insurance – Tax Parity for Delayed Payments of Benefits
Senate Budget and Taxation Committee
FAVORABLE
March 1, 2023

Good afternoon Chair Guzzone and members of the Senate Budget and Taxation Committee. I am Tammy Bresnahan, Senior Director of Advocacy for AARP MD. On behalf of our almost 900,000 members, we would like to thank you for the opportunity to speak in support of **SB 661 Unemployment Insurance -Tax parity for Delayed Payment of Benefits**. We thank the Comptroller for bringing SB 661 to the General Assembly.

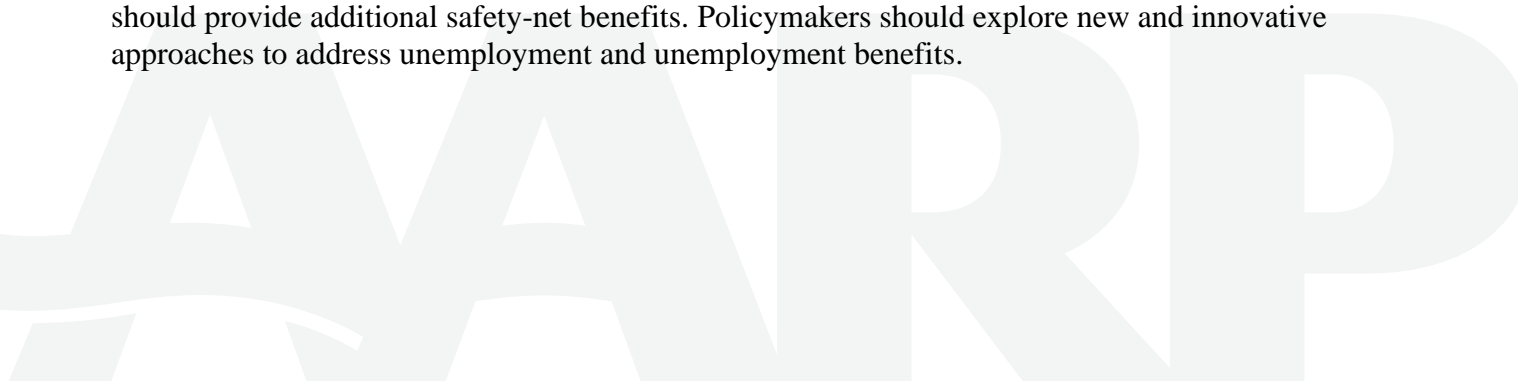
SB 661 establishes a rebate program to refund the taxes withheld from or paid as a result of unemployment insurance payments received in 2022 to bring the recipients into parity with other taxpayers whose benefits were both earned and paid during the timeframe envisioned by the RELIEF Act.

Currently, only one-third of people out of a job receive unemployment insurance. Benefit calculation formulas leave many people with only a small fraction of their previous earnings. Households with low incomes and low wealth were especially hard-hit by the pandemic. In addition, essential workers who are unable to work from home face heightened risk for contracting COVID-19. As you know at the beginning of the pandemic, Congress put in place enhanced unemployment benefits that substantially increased the benefits displaced workers could receive. These measures also extended unemployment benefits to independent contractors and others who previously did not qualify for unemployment. However, that program has now ended but those who were laid off still feel the residual effect of losing their job and an increase tax burden adds even more stress on families.

This is the first time in 50 years that older adults are experiencing higher unemployment than mid-career workers. And researchers don't think the higher rate is just the result of older people choosing not to work because they are worried about possible exposure to the coronavirus.

The job losses that older adults experienced during the pandemic could have dire consequences for their financial security during retirement, causing them to lose the opportunity to build savings right when they may have fewer years to recover that income.

AARP also believes that during economic recessions and recoveries, Congress and the states should provide additional safety-net benefits. Policymakers should explore new and innovative approaches to address unemployment and unemployment benefits.



AARP believes that states should adopt reforms that provide financial assistance to those who are or were unemployed during the pandemic and received unemployment. AARP believes that SB 661 does just that.

AARP respectfully asks the Committee for a favorable report on SB 661. If you have questions or need follow up, please contact me at tbresnahan@aarp.org or by calling 410-302-8451.