



LEGISLATIVE POSITION:

Unfavorable

House Bill 724

Unemployment Insurance Modernization Act of 2023

House Economic Matters Committee

Tuesday, February 21, 2023

Dear Chairman Wilson 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 6,400 members and federated partners working to develop and promote strong public policy that ensures sustained economic health and growth for Maryland businesses, employees, and families.

As introduced, HB 724 makes four primary changes to Maryland's unemployment insurance program:

1. Changing the taxable wage base used to determine employment contributions into the Unemployment Insurance Trust Fund and setting new protocols for determining the maximum and minimum weekly benefit amounts
2. Preventing the shifting of the table of rates to no more than two tables in one year
3. Requiring venture capitalist firms to post a surety bond to invest in Maryland companies
4. Extending the lookback period for purpose of calculating an employer's experience rating

The proposals in HB 724 make serious changes to the state's unemployment insurance program and businesses are rightfully concerned by those leading to increased costs on employers. To put some of the proposals in context, the required increased employer contributions would come against the backdrop of persistently high inflation, the implementation of the new paid family and medical leave payroll tax and the soon to pass increase in minimum wage. It is not hard to understand why Maryland businesses are concerned.

However, the Maryland Chamber would like to call special attention to the proposed collateral requirement for business investment. In our understanding, this proposal would be the first of its kind in the nation and would both act as a deterrent to investment while also placing Maryland companies at a significant disadvantage to businesses in other states when seeking venture capital funding. Further, a proposal of this nature was not recommended in the 2021 Upjohn Institute report on Maryland unemployment program reforms.

Nevertheless, concern over some components of the bill is not to say that all the items in HB 724 are without merit. However, the Maryland Chamber believes that a broader conversation with all impacted parties is necessary and review by the Joint Oversight Committee on

Unemployment Insurance would be a more appropriate venue to address the value of each proposal in HB 724.

For these reasons, the Maryland Chamber of Commerce respectfully requests an **Unfavorable Report** on HB 724.

