



Testimony to the House Ways and Means Committee
HB708: Unemployment Insurance – Tax Parity for Delayed Payments of Benefits
Position: Favorable

March 2, 2023

Honorable Delegate Atterbeary, Chair
House Ways and Means Committee
131, House Office Building
Annapolis, Maryland 21401

cc: Members, Ways and Means Committee

Honorable Chair Atterbeary and Members of the Committee:

Economic Action Maryland (formerly the Maryland Consumer Rights Coalition) is a statewide coalition of individuals and organizations that advances financial justice and economic inclusion for Maryland consumers through research, education, direct service, and advocacy. Our 8,500 supporters include consumer advocates, practitioners, and low-income and working families throughout Maryland.

We are writing in support of HB708. 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 However, the level of need for unemployment insurance crowded the underfunded and outdated state UI delivery systems.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. HB708 improves the unemployment system - making it more equitable and just for all Marylanders.

For all these reasons we support HB708 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/>