Senate Bill 104

Unemployment Insurance Modernization Act of 2024

MACo Position: **OPPOSE**

To: Finance Committee

Date: March 5, 2024

From: Brianna January

The Maryland Association of Counties (MACo) **OPPOSES** SB 104. This bill would significantly alter the way Maryland calculates unemployment insurance (UI) benefits and contributions, more than doubling the minimum and maximum weekly benefits range used to determine weekly benefit amounts. **These changes would represent a substantial fiscal challenge for counties, who are not part of the State trust fund but would be required to pay the greatly enhanced benefit levels.**

Currently, unemployment benefits range from a minimum of $40 per week to a maximum of $430 per week. Under SB 104, the unemployment weekly minimum benefit would go up to 15 percent of that weekly average, or $232 − a fivefold increase. The weekly maximum benefit would be 66 percent of the State average weekly wage, or $961 − more than twice the current ceiling. **In simpler terms, under SB 104, unemployment weekly benefits more than double.** Moreover, the new exorbitant benefits range would be fully in effect by 2027 – an expedited timeline for such substantial policy reforms.

Counties are just one set of employers impacted by the financial ramifications of SB 104. County governments have not contributed to the shortfall in the State-managed trust fund, as county governments are self-insured and pay their benefits directly. However, they are unique in their challenging and complex financial circumstances, as compared to other private employers.

Maryland's counties are facing an unprecedented wave of fiscal effects. Revenues are softening − and are even in decline − as federal support recedes from the national economy and high interest rates slow real estate sales. Costs of workforce, construction, and legal liability are all mounting dramatically. Additionally, the Blueprint for Maryland's Future poses costs for education that, for each county, will absorb or exceed their projected new revenues from current sources.

Furthermore, county options for generating meaningful revenues are limited, with most counties already at the state's income tax rate cap, leaving the regressive property tax as the principal remaining alternative. In this precarious setting, placing new operational or fiscal burdens on county governments is untenable and unrealistic.

SB 104 proposes broad changes to the State-run unemployment system and trust fund. The spillover effects on county governments, who are not participants in that system, would pose dramatic and unaffordable fiscal consequences. For those reasons, MACo **OPPOSES** SB 104 and requests an **UNFAVORABLE** report.