



Maryland Municipal League
The Association of Maryland's Cities and Towns

TESTIMONY

February 26, 2025

Committee: House Economic Matters Committee

Bill: HB 554 - Unemployment Insurance Modernization Act of 2025

Position: Information

Reason for Position:

The Maryland Municipal League (MML) submits informational testimony on House Bill 554. The bill makes major alterations to the formulas through which unemployment benefits and the taxable wage base are calculated. Unlike most employers, municipal governments are more tethered to the benefit payment change in terms of potentially increased expenditures.

As a result of the changes proposed in this bill, the formulas to calculate the benefits paid for unemployment insurance claims as well as the taxable wage base used to determine an employer's payment liability to the Unemployment Insurance (UI) Fund are amended. The result is higher expenditures for employers and a higher benefit amount for claimants; in some cases, these increases will be significant.

Local governments are somewhat atypical in the universe of employers in that most are "reimbursing employers," meaning that they only pay into the UI Fund when a former employee makes a claim through the State and is granted an award. This is different from most businesses that have a portion of their tax payments go directly to the Fund. Local governments, and their typically stable workforce, are able to save money by using this reimbursing method because even though they pay the full amount of the benefit, due to the infrequency that they need to reimburse the Fund, it is still less expensive than if they paid the regular tax payment to the Fund.

The Maryland Municipal League respectfully submits this informational testimony on House Bill 554. For more information, please contact Bill Jorch, Director, Public Policy and Research at billj@mdmunicipal.org. Thank you in advance for your consideration.