



## Senate Bill 3

### *Unemployment Insurance Modernization Act of 2026*

MACo Position: **OPPOSE**

To: Finance Committee

Date: February 11, 2026

From: Karrington Anderson

The Maryland Association of Counties (MACo) **OPPOSES** SB 3. This bill fundamentally restructures how minimum and maximum weekly unemployment insurance (“Unemployment”) benefits are calculated by tying them to the state average weekly wage, rather than the fixed statutory schedule used under current law. SB 3 requires the Department of Labor to calculate and update the average weekly wage annually on July 1, and directs the Secretary of Labor to annually set both the minimum and maximum weekly benefit amounts.

While MACo recognizes the importance of a modern, stable Unemployment system for Maryland’s workforce, this bill would dramatically increase benefits, creating significant and direct fiscal impacts for county governments.

SB 3 would replace the current benefits cap with a formula that rapidly increases benefits. Beginning July 1, 2026, the minimum weekly benefit must be at least 15 percent of the average weekly wage. The maximum weekly benefit would reach 40 percent of the state average weekly wage by January 1, 2027. County governments are “reimbursable employers” that pay Unemployment benefits directly, rather than contributing to the State Unemployment Insurance Trust Fund. As Unemployment benefits increase, local government expenditures to reimburse the Trust Fund for benefits paid to former county employees would rise significantly and immediately.

The benefit apparently roughly doubles Unemployment benefits. Counties did not create the Trust Fund’s financial challenges, yet SB 3 would impose substantial new costs on local governments. Moreover, counties are already confronting mounting fiscal pressures from State cost shifts used to balance the State budget, while also operating under strict limits on available revenue options.

Finally, MACo is concerned about the speed and rigidity of the proposed increases. Last year’s legislation contemplated a longer phase-in period before reaching the new maximum benefit levels. SB 3 significantly accelerates that timeline, leaving counties little flexibility to plan for or absorb the added costs. For these reasons, MACo respectfully urges the Committee to issue an **UNFAVORABLE** report on SB 3.