

Wednesday, February 11, 2026

**Position: UNFAVORABLE**  
**Senate Bill 3**  
**Unemployment Insurance Modernization Act of 2026**  
**Senate Finance Committee**

Dear Chairwoman Beidle and Members of the Committee:

On behalf of the Washington County Chamber of Commerce, representing almost 700 organizations with over 40,000 employees, I am writing to express our opposition to **Senate Bill 3, the Unemployment Insurance Modernization Act.**

As employers operating in Maryland, we support the State's unemployment insurance system that provides temporary assistance to workers who lose their job through no fault of their own. However, SB 3 proposes structural changes that would significantly and permanently increase employer costs, while removing long-standing safeguards that provide predictability for businesses planning payroll and workforce investments.

SB 3 would move Maryland's unemployment insurance system away from a fixed structure and instead link employer contributions and benefit levels to statewide wage growth. This change would lead to automatic cost increases over time, making it more difficult for businesses to plan for future payroll and hiring needs. For businesses like those of our member organizations, these changes come at a time when employers are already dealing with higher labor costs, inflation, and general economic uncertainty.

WalletHub recently ranked Maryland 49<sup>th</sup> for opening a business. We also rank 46<sup>th</sup> for tax climate and 37<sup>th</sup> nationally for business friendliness. At a time when businesses have more choices than ever, these signals should not be ignored. Adding ongoing increases to payroll-related costs would make it harder for employers to plan, could limit hiring flexibility, and may affect the ability of small and mid-sized businesses to remain competitive. Policies like HB 188 will help determine whether Maryland becomes a place for businesses to grow – or a state to rule out.

For these reasons, I respectfully urge the committee to issue an *unfavorable report on SB 3*.

Thank you for the opportunity to share our perspective.

Sincerely,



Paul Frey, President & CEO