



## TESTIMONY

**COMMITTEE:** Senate Finance

**DATE:** February 11, 2026

**POSITION:** Unfavorable

**BILL:** SB 3

The Maryland Municipal League (MML) opposes Senate Bill 3: Unemployment Insurance Modernization Act of 2026.

SB 3 makes major alterations to the formulas through which unemployment benefits and the taxable wage base are calculated. Unlike most employers, municipal governments are tethered to the increased weekly benefits proposed in the bill as the source of increased costs.

As a result of the changes proposed in this bill, the formulas to calculate the weekly 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. Our calculations place increased costs to municipal governments at nearly double.

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. The local government receives an invoice with the amount they are required to reimburse the UI Fund as a result of successful claims. 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.

For these reasons, the League respectfully requests that the committee provide Senate Bill 3 with an unfavorable report.

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For more information relating to this piece of testimony, please contact:

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*Municipalities in Maryland support 42,000 jobs and provide \$5.2 billion in employee compensation.*