



**LEGISLATIVE POSITION:**

**FAVORABLE**

**Senate Bill 811**

**Unemployment Insurance—Computation of Earned Rate of Contribution—**

**Applicable Table of Rates**

**Senate Finance Committee**

**Tuesday, March 2, 2021**

Dear Chairwoman Kelley and Members of the Committee:

Founded in 1968, the Maryland Chamber of Commerce is the leading voice for business in Maryland. We are a statewide coalition of more than 5,000 members and federated partners, and we work to develop and promote strong public policy that ensures sustained economic recovery and growth for Maryland businesses, employees, and families.

To say that COVID-19 has had a tremendous, far-reaching, and extremely detrimental impact on Maryland's economy would be a gross understatement. Employment, retail sales, and many other economic indicators continue to move in the wrong direction as the virus rages on throughout our State, with no clear end in sight. As a result, Maryland's job creators continue to struggle to survive and maintain operations, with the Comptroller's Office previously estimating that approximately 30,000 Maryland businesses have closed or will close permanently as a direct result of the pandemic. Indeed, the economic impact of COVID-19 is unprecedented.

The health of Maryland's Unemployment Trust Fund remains of great concern to the business community. As economic recovery from the pandemic continues, the stability of the Trust Fund remains precarious. In addition to placing a strain on the payout of benefits to struggling workers who need UI benefits, depletion of the trust fund balance will force Maryland employers, many of whom have closed their doors through no fault of their own, to face significant unemployment tax increases in 2021 and in future years. Even businesses fortunate to remain open and keep employees on payroll will incur premium increases as a result of a low trust fund balance with a change to higher tax tables.

The Chamber and its members have continued to urge Congress to consider grants or forgivable loans to address the trust fund balance issue. Aid from the federal government would allow states like ours to avoid significant UI tax increases for employers—who are already struggling with the economic and financial impacts of the pandemic—in 2021 and in future years. However, in the absence of federal action, the state must step in to address the health of our Unemployment Insurance Trust Fund and its impact on both claimants and employers.

Rising unemployment insurance premiums for employers remains one of the greatest barriers to our full economic recovery. While we have long maintained that UI claimants must have access to and expeditiously receive the benefits to which they are entitled, we are concerned about the stability of the fund and the impact that it will have on Maryland's job creators. To that end, we have repeatedly urged state policymakers to consider policies that balance the needs of claimants with rising costs for employers.

Senate Bill 811 would address the computation of the earned rate of contribution and the applicable table of rates for employers who contribute to the Unemployment Insurance Trust Fund. Effectively, the bill would allow employers contribution rate to be computed using Table C of the Table of Rates in Calendar Year 2021, Table D for Calendar Year 2022, and Table E for Calendar Year 2023.

The Chamber and its members firmly believe that SB 811 would blunt the fiscal impact of rising UI premiums and provide much needed cost relieve as we move toward full economic recovery.

For these reasons, the Chamber respectfully requests a **favorable report** on SB 811.

