

SB 811 Unemployment Insurance - Computation of Ear

Uploaded by: Costello, Christopher

Position: FAV

SUPPORT

SB 811 Unemployment Insurance – Computation of Earned Rate of Contribution – Applicable Table of Rates

The Howard County Chamber of Commerce (“Chamber”) is a business organization comprised of small business, corporations, non-profits, and governmental agencies all working together for the betterment of the Howard County business community. Our mission is to provide advocacy, connections, and access to timely information to advance the growth and success of the Howard County business community.

Beginning on January 1 of this year, Maryland employers received the kind of increase in their Unemployment Insurance (UI) Contribution Rates that has occurred only a few times in the past 50 years. They just may not have realized that its coming.

Fortunately, there is still time to do something about it. We ask that you vote to support SB 811 to reduce the maximum UI Contribution Table from “F” to “C” in 2021 and gradually increase thereafter.

The primary reason for the increase employer will otherwise experience is attributed to shutdown of nonessential businesses the requirement that people shelter in place and all the many other limitations related to the onset of COVID-19. We mention this because this economic catastrophe is not attributed to an act of God, an act of war, the miscalculation in the financial markets or any of the other reasons that we normally associate with this kind of disaster and it is certainly not the fault of employers. YET every Maryland employer will be forced to carry a significant financial burden as a direct result in the form of a median 14-fold increase in their UI Contributions, the majority of which will be due on April 30 of 2021.

You may believe this is something that has never happened before; however, similar situations have occurred several times in Maryland the past. In the late 1970’s (remember “Stagflation?”) the UI Trust fund was bankrupt and forced to borrow from the Federal Unemployment Insurance Trust Fund.

At that time the Unemployment Contribution Rates should have risen to maximum level; however, that would have hit employers with a massive UI contribution increase just as they were starting to climb out of a terrible recession and beginning to rehire the unemployed and under-employed.

The General Assembly was convinced that it would be better to adjust the schedule of contribution rates down by half the required increase.

In less than 12 months, Maryland was experiencing rapidly growing employment. More employment meant fewer unemployed, and growing contributions to the UI Trust Fund.

Those economic principles still apply today.

No one can promise that the vaccine will cure the virus, or that there will not be another virus outbreak but if employers can bring workers back to work, they will need funds for payroll. If as much as \$1 Billion must go to the UI Trust Fund before UI rates return to normal, employers will have that much less in working capital for wages.

Keep in mind that the money sent to the Maryland UI Trust Fund does not reside in any bank in Maryland. Those \$Millions leave the Maryland economy and are used to help balance the federal deficit.

On behalf of our members, we hope that the members of the Senate Finance Committee will cast a favorable vote in support of SB 811.

SB 811_UI_Computation of Earned Rate of Contributi

Uploaded by: Griffin, Andrew

Position: FAV



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.



NFIB - UI Phase-In - SB811 (2021).pdf

Uploaded by: O'Halloran, Mike

Position: FAV



NFIB-Maryland – 60 West St, Ste. 101 – Annapolis, MD 21401 – www.NFIB.com/Maryland

TO: Senate Finance Committee

FROM: NFIB – Maryland

DATE: March 2, 2021

RE: **SUPPORT SENATE BILL 811** – Unemployment Insurance – Computation of Earned Rate of Contribution – Applicable Table of Rates

Founded in 1943, NFIB is the voice of small business, advocating on behalf of America's small and independent business owners, both in Washington, D.C., and in all 50 state capitals. With more than 250,000 members nationwide, and nearly 4,000 here in Maryland, we work to protect and promote the ability of our members to grow and operate their business.

On behalf of Maryland's small businesses, NFIB-Maryland offers its strong support for Senate Bill 811 – legislation that would phase in the anticipated hikes to Maryland employers' unemployment insurance tax rates.

The Department of Legislative Services' Issue Papers notes that from March through September of 2020, the Unemployment Insurance Trust Fund paid out \$1.4 billion in benefits to claimants. Further, the UITF's balance is shrinking at a far greater rate than it experienced during the Great Recession. That is why the applicable UI tax rate went from Table A (the lowest rate possible) in 2020 to Table F (the highest rate possible) in 2021.

Maryland employers are responsible for paying into the state's UITF. As such, their rates are based on a variety of factors, chief among them the solvency of the UITF. NFIB members are concerned the rapid deterioration of the UITF's balance on account of the COVID-19 pandemic will lead to sustained, unaffordable UI tax rates for the foreseeable future.

Indeed, current Maryland law virtually guarantees Maryland small businesses will remain in Table F for many years. [Chapter 337 of 2016](#) states, in part, that a lower unemployment insurance tax rate table cannot be applied unless certain federal funding

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goals are met. In 2014, the U.S. Department of Labor implemented regulations that altered the eligibility requirements for a state seeking an interest-free loan to pay UI benefits. As a result, the General Assembly, at the request of the Maryland Department of Labor, passed the aforementioned legislation in an effort to ensure the state's ability to access these loans.

Neither the USDOL nor the General Assembly could have foreseen the economic devastation and associated stress this global pandemic would place on states' unemployment insurance funds at the time the regulations were promulgated and accompanying legislation was passed. However, given the current circumstances the legislature can take this opportunity to protect Maryland small businesses from sky-high UI taxes in the immediate future as they continue on their road to economic recovery.

Senate Bill 811 is modeled after legislation enacted in New Jersey. Their bill, signed by Governor Phil Murphy, will save employers \$940 million in increased unemployment payroll taxes. Senate Bill 811 would provide an appropriate balance of protecting small businesses from large UI tax rates while still providing for the solvency of the UITF.

NFIB looks forward to working with the committee on the myriad issues surrounding the state's Unemployment Insurance Trust Fund as we move forward in rebounding from the economic crisis brought upon by COVID-19.

For these reasons, **NFIB strongly supports SB811** and requests a favorable committee report.

SB811_FAV_MRA.pdf

Uploaded by: Price, Sarah

Position: FAV

MARYLAND RETAILERS ASSOCIATION

The Voice of Retailing in Maryland



SB771, SB790, SB811, SB814, SB816, SB817, SB818

Finance Committee

March 2, 2021

Position: Favorable (SB811)

Background: A variety of bills have been filed to address the structure and solvency of the state's Unemployment Insurance Trust Fund (UITF). The Maryland Retailers Association (MRA) serves on the State's Joint Committee on Unemployment Insurance that meets to review and discuss bills to try to find consensus on changes to the law. Unfortunately, the Committee has not been able to meet yet this year due to the unusual nature of the 2021 Session. Stakeholder involvement is critical to be sensitive to many concerns.

Comments: Due to the business closures and economic burdens caused by the COVID-19 pandemic, the UTIF balance is currently shrinking at the fastest rate that we have experienced in the last century. According to the Issue Papers developed by the Department of Legislative Services, claimants received \$1.4 billion in benefits from the UTIF between March and September 2020.

Employers in Maryland are responsible for paying into the State UTIF, and their unemployment insurance tax rates are based in part on the solvency of the UTIF. As this Committee is considering a variety of bills that have been proposed regarding this issue, MRA has concerns that some proposals, including those to increase the income disregard amount for weekly benefits, could have an adverse effect on small businesses by drastically increasing the unemployment insurance tax rates for businesses. We urge the committee to be sensitive to the financial challenges that are not resolved for many businesses who could be crushed by such a massive, immediate increase.

MRA would respectfully recommend that this body move measures such as those proposed in SB811, which was modeled after legislation passed in New Jersey. This proposal would create a phase-in system for employers so they do not go from table F to table A overnight. Mitigating these increases would more appropriately balance providing for the solvency of UTIF with protecting small businesses from high tax rates.

MRA also supports proposals like those included in SB814 and SB816, which would help to ease the burdens on small businesses that are still recovering from the shut-downs imposed due to the pandemic. Additionally, MRA supports efforts to study the current UTIF system, like those proposed in SB817. MRA would be happy to review and work with proponents on SB771, SB790, and SB818.

Thank you for your consideration. We look forward to working with the Committee on this important issue.