

SB0816 -03.02.21-- Unemployment Insurance - Employ

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POSITION STATEMENT

TESTIMONY PRESENTED TO THE SENATE FINANCE COMMITTEE

SENATE BILL 816 – UNEMPLOYMENT INSURANCE – EMPLOYER CONTRIBUTIONS – PAYMENT PLANS

Sponsor – Senator Klausmeier (Chair, Joint Committee on Unemployment Insurance Oversight)

March 2, 2021

DONALD C. FRY
PRESIDENT & CEO
GREATER BALTIMORE COMMITTEE

Position: Support

The Greater Baltimore Committee (GBC) supports Senate Bill 816 which would require the Secretary of Labor to expand the existing unemployment insurance contribution payment plan provision. The Secretary would be required to offer a variety of payment plan options that would mutually serve the interests of the business owner and the Department.

Businesses are struggling to survive the economic crisis caused by the global pandemic and the restrictions imposed on business operations. Many businesses need additional flexibility to meet obligations such as unemployment insurance contributions. Allowing the Department to give more flexibility to business owners would provide much needed relief to business owners who are attempting to weather the pandemic and be positioned to recover once it has been contained and recovery is underway. In addition, the bill does not mandate the structure of the new plans, but allows the Department to work with businesses to determine the appropriate approach.

This bill is consistent with the GBC's *2021 Legislative Priorities* which advocate for inclusive policies and programs that strengthen economic competitiveness and job creation. Further, the GBC's report, [Gaining a Competitive Edge: Key Pillars for Economic Growth and Job Creation](#), calls for government leadership to unite with business as a partner. Creating a policy authorizing the Department of Labor to offer additional payment plan options to pay unemployment insurance premiums is a way for government to support businesses during these challenging times.

For these reasons, the Greater Baltimore Committee urges a favorable report on Senate Bill 816.

The Greater Baltimore Committee (GBC) is a non-partisan, independent, regional business advocacy organization comprised of hundreds of businesses -- large, medium and small -- educational institutions, nonprofit organizations and foundations located in Anne Arundel, Baltimore, Carroll, Harford, and Howard counties as well as Baltimore City. The GBC is a 66-year-old, private-sector membership organization with a rich legacy of working with government to find solutions to problems that negatively affect our competitiveness and viability.

GREATER BALTIMORE COMMITTEE

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MARYLAND RETAILERS ASSOCIATION

The Voice of Retailing in Maryland



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

Finance Committee

March 2, 2021

Position: Favorable (SB816)

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.