
House Bill 612

Date: February 4, 2021
Committee: House Ways and Means and Economic Matters Committee
Bill Title: Recovery for the Economy, Livelihoods, Industries, Entrepreneurs, and Families (RELIEF) Act
Re: Letter of Support

House Bill 612 provides critical financial support and tax relief to unemployed Marylanders who have lost their jobs and the small businesses that are struggling due to the COVID-19 pandemic.

During this unprecedented public health and economic crisis, the Maryland Department of Labor has received *over 1.4 million* new unemployment insurance claims. SB 495 provides financial assistance to the *hundreds of thousands* of claimants that have been determined eligible to receive benefits by repealing *all* state income taxes on the benefit payments they have received for the calendar year 2020 and beyond.

This emergency relief package also provides unemployment tax relief for small businesses by codifying and extending an executive order the Governor issued in December 2020 that waives the charging of COVID-19 unemployment insurance benefits to employers. Freezing employer experience ratings prevents Maryland's contributory employers from having their experience rating negatively impacted or being held financially responsible because they had to lay off or furlough employees through no fault of their own due to the economic consequences of the pandemic. By calculating tax rates based on their pre-pandemic experience, employers' 2021 and 2022 tax rates will be *significantly reduced* from what they would have been without the Executive Order and legislation.

For these reasons, the Department strongly urges the committee to vote favorably for the Relief Act of 2021 because the passage of this emergency legislation is critical for the livelihood of our state's claimants and longevity of our state's small business community.

AMENDMENT: The Department proposes the following amendments to clarify that (1) employers are assigned the lowest of the two tax rates who may for some reason have a lower calculated rate without this waiver of charges and (2) allows regulations in the event further clarification is required.

BY:

(To be offered in the House Appropriations Committee)

AMENDMENT TO HOUSE BILL 612
(First Reading File Bill)

AMENDMENT NO. 1

On page 2, in line 13, strike "8-606(e)" and substitute "8-606(d) and 8-610(c)".

On page 5, strike in their entirety lines 23 through 30, inclusive, and substitute:

"(d) (1) [“Computation] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION “COMPUTATION date” means the July 1 immediately preceding the calendar year for which a rate of contribution is assigned.

(2) DURING THE STATE OF EMERGENCY DECLARED BY THE GOVERNOR DUE TO THE COVID-19 PANDEMIC UNTIL THE SECOND JULY 1 AFTER THE END OF THE STATE OF EMERGENCY, “COMPUTATION DATE” MEANS JULY 1, 2019, IF THAT DATE RESULTS IN A LOWER CONTRIBUTION RATE.”.

On page 6, after line 17, insert:

"(c) (1) If an employing unit has met each of the requirements to qualify for an earned rate but files no contribution reports for any of the 3 rating years immediately preceding the computation date as required by § 8–626 of this subtitle, the Secretary shall assign the employing unit the standard rate of contribution.

(2) IF THE SECRETARY DETERMINES THAT AN EMPLOYING UNIT OR AGENT HAS ESTABLISHED A PATTERN OF FAILING TO RESPOND TIMELY OR ADEQUATELY TO REQUESTS FOR INFORMATION, FOR PURPOSES OF DETERMINING AN EARNED RATE OF CONTRIBUTION THE SECRETARY MAY USE THE COMPUTATION DATE PROVIDED IN § 8-606(D)(1) OF THIS SUBTITLE.”.

AMENDMENT NO. 2

On page 8, after line 6, insert:



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"SECTION 6. AND BE IT FURTHER ENACTED, That the Secretary of Labor may adopt regulations necessary to implement the provisions of § 8-610(c)(2) of the Labor and Employment Article as enacted by Section 2 of this Act."; in line 7, strike "6." and substitute "7."; in the same line, strike ", at" and substitute "Section 2 of this Act shall apply prospectively only to computations of earnings occurring on or after July 1, 2021. At"; in line 8, strike "Section 2" and substitute "Sections 2 and 6"; and in line 10, strike "7." and substitute "8".