



Maryland Chamber of Commerce

Legislative Position

SB 107

**FAVOR
Economic
Matters
Committee**

03/12/10

SB 107

Labor and Employment - Unemployment Insurance - Modernization and Tax Relief Act

Brief Summary of Bill:

This emergency bill would alter provisions for UI benefit eligibility in the areas of alternate base period, part-time workers, and training. It would reduce the interest rate on certain late payments, and alter the imposition and calculation of tax rates, etc.

Maryland Chamber's Position:

- **Payment Plan/Interest Rate** - The Maryland Chamber strongly supports the Administration's decision to provide payment plan options to employers and to decrease the interest rate for late payments from 18 to 12%. The Chamber also supports the decision to further decrease the annualized interest rate to 6%, which is more in line with current interest rates.
- **Tax Tables** – The amended legislation keeps the UI tax rate at Table F, while allowing employers the option of entering into payment plans with DLLR to ease the impact of the increased tax rate. This will help rebuild the trust fund faster, which is an important step to reducing unemployment insurance tax rates for all Maryland employers.
- **Revenue Neutrality** – As introduced, the bill would adopt a number of changes to the unemployment insurance system to make the state eligible for \$126.8 million of federal stimulus funds. The changes would result in approximately \$18.4 million to \$19.4 million of additional benefits per year. The amended bill includes an estimated \$18.2 million to \$19.5 million in annual benefit reductions to offset the cost of the increases. The amended bill addresses the Chamber's concern that for the long-term health of the UI program, benefits payouts must be rationalized with revenue.

For these reasons, the Maryland Chamber respectfully requests that the Committee give SB 107 a favorable report.

If questions please contact Allyson Black, ablack@mdchamber.org