



February 5, 2019

The Honorable Dereck E. Davis
Economic Matters Committee
Room 231, House Office Building
Annapolis, MD 21401

RE: HB 0336 – Unemployment Insurance - Civilian Federal Employees - Benefits (Federal Shutdown Paycheck Protection Act) – Oppose

Dear Delegate Davis:

This bill would change Maryland's Unemployment Insurance laws to allow an individual (Maryland resident) who is a civilian employee of the federal government to be eligible to receive unemployment benefits when required to report to work but is not being paid due to a shutdown. It is noted in the Legislative Analysis that bill generally takes effect on receipt of confirmation that Maryland's UI law, as amended by the bill, conforms to federal unemployment compensation program requirements. Current guidance appears to indicate that the bill does not conform. While recipients would be required to repay benefits when backpay is received, there are other considerations. In light of the time it normally takes to process a claim for benefits and actually receive the first payment, recipients will likely already be in receipt of their normal pay and backpay. The question this raises would be what is the real benefit?

Furthermore, will the state be efficient in recovering those benefits? With the 2013 shutdown, Maryland paid out \$2.3M in UI benefits. Recipients received backpay and were required to repay benefits. As of today, there is still \$250,000 left to collect, as reported in a recent Baltimore Sun article. It has taken the state 6 years to collect just over \$2M for that shutdown, which lasted 16 days. The most recent shutdown lasted 33 days. It stands to reason that given the fact that the federal government will not reimburse benefits paid to these recipients, the state has not shown timely success in recovering past benefits in similar situations, the cost to the State must be recovered in some manner. Concerns exist that the way those costs will be recovered will fall on private sector businesses in the form of higher UI tax rates. Because the benefit to those affected by a government shutdown will be limited at best, and non-existent likely, the Carroll County Chamber of Commerce, a business advocacy organization of over 600 members, opposes this bill and asks that you give it an unfavorable report.

Sincerely,

A handwritten signature in cursive script that reads 'Mike McMullin'.

Mike McMullin
President
Carroll County Chamber of Commerce
CC: Delegate Haven Shoemaker
Senator Justin Ready

**Carroll County Chamber of Commerce • 9 East Main Street • Westminster, MD 21157
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