



**Maryland Chamber of Commerce**

**SB 123  
FAVOR  
Finance  
Committee  
02/17/09**

## **Legislative Position**

### **SB 123 Unemployment Insurance Benefits - Determination Based on Severance or Dismissal Payments**

#### **Brief Summary of Bill:**

SB 123 alters a determination of unemployment insurance benefits for an individual who receives or is eligible to receive severance or dismissal payments when the individual's unemployment is the result of the abolishment of the job to be the same as the determination when the individual's unemployment is not the result of the abolishment of the job.

#### **Maryland Chamber's Position:**

The Maryland Chamber of Commerce "Maryland Chamber" supports this bill. Currently, in Maryland there is a distinction between losing a job for technology reasons (abolishment of position) and all other reasons. This bill removes the distinction between the two circumstances for purposes of collecting severance pay, and determines that for the weeks an unemployed person collects severance pay, he or she cannot simultaneously collect unemployment benefits. The Maryland Chamber agrees with this distinction, and has encouraged such clarity for numerous years. This bill simply treats all separations from employment equally.

Virtually all states consider severance pay disqualifying income if the individual receives unemployment benefits during those weeks. Although individual's UI weekly benefit amount is reduced by the amount of severance pay, it does not reduce the individual's entitlement. Therefore, if the individual is entitled to unemployment insurance benefits beyond the weeks during which severance pay is provided, the individual will receive unemployment insurance benefits for the remaining weeks of entitlement.

This legislation is particularly important in today's economic climate. The Unemployment Insurance Trust Fund is currently being drawn down at an exceptionally high rate. This legislation will help extend the Trust Funds life span, by not allowing persons to simultaneously collect from two different sources.

**For these reasons, the Maryland Chamber respectfully requests that the Committee give SB 123 a favorable report.**

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