

HOUSE BILL 188

K2

(PRE-FILED)

6lr1147
CF SB 3

By: **Delegate Charkoudian**

Requested: October 9, 2025

Introduced and read first time: January 14, 2026

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Unemployment Insurance Modernization Act of 2026**

3 FOR the purpose of repealing and establishing the methodology used to calculate the
4 weekly benefit amount; altering the taxable wage base used to determine employer
5 contributions to the Unemployment Insurance Trust Fund and the amount of earned
6 wages subtracted from a weekly benefit amount; requiring the Maryland
7 Department of Labor, on or before a certain date each year, to determine and make
8 available online the State annual average wage applicable to the rate of contribution;
9 requiring the Secretary of Labor to set the taxable wage base and the maximum
10 weekly benefit amount in a certain manner for certain years; and generally relating
11 to unemployment insurance.

12 BY repealing

13 Article – Labor and Employment
14 Section 8–803
15 Annotated Code of Maryland
16 (2025 Replacement Volume)

17 BY repealing and reenacting, with amendments,

18 Article – Labor and Employment
19 Section 8–607(b), (c), and (d)(1) and 8–804(a) and (b)
20 Annotated Code of Maryland
21 (2025 Replacement Volume)

22 BY adding to

23 Article – Labor and Employment
24 Section 8–803
25 Annotated Code of Maryland
26 (2025 Replacement Volume)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
That Section(s) 8–803 of Article – Labor and Employment of the Annotated Code of
Maryland be repealed.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
as follows:

Article – Labor and Employment

8–607.

(b) (1) Subject to paragraph (2) of this subsection, the taxable wage base is the
[first \$8,500 in wages] **AMOUNT SET UNDER SUBSECTION (C)(3) OF THIS SECTION** that:

(i) an employing unit pays to each employee for covered employment
during a calendar year;

(ii) an employing unit pays to each employee for covered employment
in this State and another state during a calendar year if the employee was continuously
employed immediately before and after a transfer of a business from another state during
a calendar year;

(iii) a reorganized employer pays to each employee for covered
employment if the employee was continuously employed immediately before and after the
reorganization in a calendar year and if the contribution rate of the reorganized employer
is based on the experience with payrolls and benefit charges of the employing unit before
the reorganization in accordance with § 8–613(b) of this subtitle; or

(iv) an employing unit or predecessor employer or combination of
both pays to each employee for covered employment during a calendar year if the payrolls
and benefit charges of the predecessor employing unit are transferred to the successor
employing unit in accordance with § 8–613(d) or (e) of this subtitle.

(2) If the Federal Unemployment Tax Act or any other federal tax law that
allows a credit for a contribution to a state unemployment insurance fund increases the
maximum amount of wages taxable under that law in a calendar year to **AN AMOUNT THAT
IS more than [\$8,500] THE PERCENTAGE OF THE AVERAGE ANNUAL WAGE FOR
EMPLOYEES IN THE STATE SET UNDER SUBSECTION (C)(3) OF THIS SECTION**, the
taxable wage base under paragraph (1) of this subsection shall be the same as under the
federal law.

(c) (1) The Secretary shall determine the rate of contribution for each
employing unit as of the computation date for the next calendar year.

(2) The rate of contribution is effective for 1 calendar year.

(3) (I) ON OR BEFORE JANUARY 31 EACH YEAR, THE DEPARTMENT

1 SHALL:

2 1. DETERMINE THE AVERAGE ANNUAL WAGE FOR
3 EMPLOYEES IN THE STATE DURING THE CALENDAR YEAR OF THE COMPUTATION
4 DATE; AND

5 2. MAKE AVAILABLE ON ITS WEBSITE THE AVERAGE
6 ANNUAL WAGE FOR EMPLOYEES IN THE STATE APPLICABLE TO THE RATE OF
7 CONTRIBUTION.

8 (II) 1. THE SECRETARY SHALL ANNUALLY SET THE TAXABLE
9 WAGE BASE AS AN INCREASING PERCENTAGE OF THE AVERAGE ANNUAL WAGE FOR
10 EMPLOYEES IN THE STATE UNTIL THE TAXABLE WAGE BASE PROVIDED UNDER
11 SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH IS IN EFFECT.

12 2. BEGINNING CALENDAR YEAR 2029 AND EACH
13 CALENDAR YEAR THEREAFTER, THE TAXABLE WAGE BASE SHALL BE 16% OF THE
14 AVERAGE ANNUAL WAGE FOR EMPLOYEES IN THE STATE.

15 (d) (1) By regulation, the Secretary shall set:

16 (i) THE TAXABLE WAGE BASE;

17 (II) the date when contributions are due; and

18 [(ii)] (III) subject to § 8–607.1 of this subtitle, the manner in which
19 contributions are to be paid.

20 8–803.

21 (A) IN THIS SECTION, “STATE AVERAGE WEEKLY WAGE” MEANS THE
22 AVERAGE WEEKLY WAGE IN THE STATE, AS DETERMINED BY THE DEPARTMENT,
23 BASED ON THE WAGES IN TOTAL COVERED EMPLOYMENT FOR ALL EMPLOYERS IN
24 THE STATE FOR THE IMMEDIATELY PRECEDING CALENDAR YEAR.

25 (B) (1) (I) THE WEEKLY BENEFIT AMOUNT PAYABLE TO A CLAIMANT
26 UNDER THIS SECTION SHALL BE AT LEAST 15% OF THE STATE AVERAGE WEEKLY
27 WAGE BUT NOT MORE THAN THE AMOUNT OF THE STATE AVERAGE WEEKLY WAGE
28 SET UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH.

29 (II) 1. THE SECRETARY SHALL ANNUALLY SET THE
30 MAXIMUM WEEKLY BENEFIT AMOUNT AS AN INCREASING PERCENTAGE OF THE
31 STATE AVERAGE WEEKLY WAGE UNTIL THE MAXIMUM WEEKLY BENEFIT AMOUNT
32 PROVIDED UNDER SUBSUBPARAGRAPH 2 OF THIS SUBPARAGRAPH IS IN EFFECT.

1 **2. BEGINNING CALENDAR YEAR 2027 AND EACH**
2 **CALENDAR YEAR THEREAFTER, THE MAXIMUM WEEKLY BENEFIT SHALL BE**
3 **40% OF THE STATE AVERAGE WEEKLY WAGE.**

4 **3. THE SECRETARY SHALL ADOPT REGULATIONS TO**
5 **CARRY OUT THIS SUBPARAGRAPH.**

6 **(2) FOR PURPOSES OF DETERMINING THE MINIMUM AND MAXIMUM**
7 **WEEKLY BENEFIT AMOUNTS UNDER THIS SECTION, THE DEPARTMENT SHALL**
8 **CALCULATE AND UPDATE THE STATE AVERAGE WEEKLY WAGE ON JULY 1 EACH**
9 **YEAR.**

10 **(C) (1) FOR PURPOSES OF ASSIGNING A WEEKLY BENEFIT AMOUNT TO A**
11 **CLAIMANT, THE CLAIMANT'S WEEKLY BENEFIT AMOUNT SHALL BE COMPUTED BY**
12 **DIVIDING THE WAGES THAT THE CLAIMANT WAS PAID FOR COVERED EMPLOYMENT**
13 **IN THE CALENDAR QUARTER OF THE CLAIMANT'S BASE PERIOD IN WHICH THOSE**
14 **WAGES WERE THE HIGHEST BY 24.**

15 **(2) IN COMPUTING BENEFITS UNDER THIS SUBSECTION, A FRACTION**
16 **OF A DOLLAR SHALL BE ROUNDED TO THE NEXT HIGHEST DOLLAR.**

17 **(D) THE WEEKLY BENEFIT AMOUNT CALCULATED UNDER THIS SECTION**
18 **THAT IS IN EFFECT ON THE FIRST DAY OF A CLAIMANT'S BENEFIT YEAR APPLIES TO**
19 **THE CLAIMANT THROUGHOUT THAT BENEFIT YEAR.**

20 **(E) (1) EXCEPT AS PROVIDED IN § 8-1207 OF THIS TITLE FOR THE WORK**
21 **SHARING PROGRAM, AN ELIGIBLE CLAIMANT SHALL BE PAID A WEEKLY BENEFIT**
22 **AMOUNT THAT IS COMPUTED BY:**

23 **(I) ASSIGNING THE CLAIMANT'S WEEKLY BENEFIT AMOUNT**
24 **UNDER SUBSECTION (C) OF THIS SECTION;**

25 **(II) ADDING ANY ALLOWANCE FOR A DEPENDENT TO WHICH THE**
26 **CLAIMANT IS ENTITLED UNDER § 8-804 OF THIS SUBTITLE; AND**

27 **(III) SUBTRACTING ANY WAGES EXCEEDING \$50 PAYABLE TO**
28 **THE CLAIMANT FOR THE WEEK.**

29 **(2) IN COMPUTING BENEFITS UNDER THIS SUBSECTION, A FRACTION**
30 **OF A DOLLAR SHALL BE ROUNDED TO THE NEXT HIGHEST DOLLAR.**

31 **(3) A PAYMENT TO AN INDIVIDUAL AS COMPENSATION FOR SERVING**

1 AS AN ELECTION JUDGE FOR A LOCAL BOARD OF ELECTIONS IN THE STATE MAY NOT
2 BE INCLUDED WHEN COMPUTING THE WAGES REQUIRED TO BE SUBTRACTED UNDER
3 PARAGRAPH (1)(III) OF THIS SUBSECTION.

4 (F) ANY CHILD SUPPORT PAYMENT THAT IS REQUIRED UNDER § 8-807 OF
5 THIS SUBTITLE SHALL BE WITHHELD FROM BENEFITS.

6 8-804.

7 (a) (1) Subject to subsection (b) of this section, in addition to the weekly benefit
8 amount [in the schedule of benefits] ASSIGNED IN ACCORDANCE WITH § 8-803 OF THIS
9 SUBTITLE, a claimant shall be paid an allowance of \$8 for each child, adopted child, or
10 stepchild of the claimant who, on the 1st day of the benefit year, is:

11 (i) wholly or partly supported by the claimant; and

12 (ii) under 16 years of age.

13 (2) A claimant shall submit to the Secretary the Social Security number or
14 copy of the birth certificate of each dependent for whom the claimant is to be paid an
15 allowance.

16 (b) (1) An allowance under this section is not payable:

17 (i) for more than 5 dependents of the claimant;

18 (ii) for longer than the number of weeks of benefits allowable to the
19 claimant for total unemployment; or

20 (iii) for any week in which an unemployment benefit is not payable
21 to the claimant.

22 (2) Benefits and the allowance under this section in any 1 week may not
23 exceed the [highest] STATE MAXIMUM weekly benefit amount [in the schedule of benefits],
24 AS DETERMINED UNDER § 8-803 OF THIS SUBTITLE.

25 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July
26 1, 2026.