

UNEMPLOYMENT TAXES IN MARYLAND EXPECTED TO DROP



Employers within the Maryland area will begin to see the amount of taxes they are paying for unemployment insurance significantly decline by next year. This is considered a major tax cut and is expected to be announced by the Department of Labor, Licensing and Regulation for the state of Maryland. The tax cut currently reflects the fact that the employment situation in the area is, in fact, improving while helping businesses use the money they were spending on these taxes on other necessary purposes for their business. Business owners will be able to save a lot of money, which is greatly appreciated. Several years ago, the taxes for unemployment insurance ended up soaring to sky high levels as the number of unemployed individuals drastically increased throughout the recession. With more people unemployed, more people were applying for the jobless benefits until they were able to find employment again, thus resulting in business owners having to pay more out of their own pockets for these taxes. For the past three years, the rates were at the maximum but they will finally be dropping for the new year of 2013. The president of Glass Jacobson, Ed Jacobson, has said, "This is very welcome news, I'm happy for our clients even more so than happy for us. ... It's still very challenging out there." Currently the quarterly taxes will vary depending upon whether or not the employers have recently laid off a number of workers throughout the years. Those who have done more layoffs, particularly in large numbers, often have to pay a higher rate than the firms that have not let anyone go recently. For a large portion of the employers in Maryland, particularly those who have not cut any employees within the past few years, the insurance taxes for state unemployment are going to go from \$187 in total for the entire year to \$85 instead, which is a drastic reduction of around 55 percent in total. Richard Clinch, the director of economic research for the University of Baltimore and its Jacob France Institute, has said, "Lowering a tax at a time when you want people to hire is a good thing." He does not feel that the decline of the unemployment tax is big enough to start improving the economic activity in the area but does say that it helps to contribute to the recovery of the economy within the area. The president for the Angel's Food Market, Walt Clocker, believes that the change is something small businesses can truly appreciate, especially those with tighter margin.