

payments, all sickness and accident disability payments.

House Bill 1541 would amend § 20(n)(2), effective January 1, 1985, to add the following:

"If payments are made to an employee or an employee's dependents for sickness or accident disability, this paragraph (2) excludes from 'wages' only payments that are received under a workmen's compensation law[.]" (Emphasis added).

This change, which substantially tracks the language of the federal law, would effectively modify the term "wages" to include sickness and accident disability payments made by an employer, except those made under a worker's compensation law. Although this change in State law is not mandated by federal law, the net effect of such a conforming change would be to greatly reduce an employer's federal tax liability. See Position Statement of Department of Employment and Training on House Bill 1541 (February 22, 1984).

This primary purpose of House Bill 1541 is reflected in the bill's short title: "Unemployment Insurance - Taxable Wages". That short title is nevertheless somewhat misleading. Although the impetus behind House Bill 1541, as explained above, was to amend the definition of "wages" for taxation purposes, the amendment of this quite basic definition necessarily would have other effects that, while intended, are not reflected in the short title. For example, the defined term "wages" is also used in the law governing an employee's weekly benefit amount (Article 95A, § 3(b)); by redefining "wages" to include sickness and accident disability benefits, employees will earn additional wage credits to be used in determining their weekly benefit amounts. Thus, the bill ultimately affects more than merely "taxable wages".

A far more serious problem, however, is the title's purpose clause:

"F[or] the purpose of including in an employee's wages, under the Unemployment Insurance Law, payments made under an employer's plan on account of illness or accident disability under a workmen's compensation law."

This title indicates that the only sickness or accident disability payments to be "included in ... wages" are those "made ... under a workmen's compensation law". In fact, the bill would do the exact opposite: it would "exclud[e] from 'wages'" those payments - and "only" those payments - that are "[made] under a workmen's compensation law". In other words, the bill is intended, and was specifically drafted, to include as wages all sickness or accident disability payments other than those made