

MAINE STATE LEGISLATURE

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ONE HUNDRED AND SIXTH LEGISLATURE

Legislative Document

No. 757

S. P. 260

In Senate, February 12, 1973

Referred to Committee on Labor. Sent down for concurrence and ordered printed.

HARRY N. STARBRANCH, Secretary

Presented by Senator Tanous of Penobscot.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-THREE

AN ACT to Amend the Benefit Financing Provisions of the Employment Security Law.

Be it enacted by the People of the State of Maine, as follows:

Sec. 1. R. S., T. 26, § 1221, sub-§ 4, amended. The first paragraph of subsection 4 of section 1221 of Title 26 of the Revised Statutes is repealed and the following enacted in place thereof:

The commission shall compute annually contribution rates for each employer based on his own experience rating record and shall designate a contribution rate schedule.

Sec. 2. R. S., T. 26, § 1221, sub-§ 4, ¶¶ B and C, repealed and replaced. Paragraphs B and C of subsection 4 of section 1221 of Title 26 of the Revised Statutes, as last repealed and replaced by sections 39 and 40 of chapter 538 of the public laws of 1971, are repealed and the following enacted in place thereof:

B. Subject to paragraph A, each employer's contribution rate for the 12-month period commencing July 1st of each year shall be based upon his experience rating record and determined from his reserve ratio, which is the percent obtained by dividing the amount by which, if any, his contributions credited from the time he first or most recently became an employer, whichever date is later, and up to and including December 31st of the preceding year, including any part of his contributions due for that year payable on or before January 31st of the current year, exceed his benefits charged during the same period, by his average annual payroll for the 36-consecutive-month period ending December 31st of the preceding

year. His contribution rate is the percent shown on the line of the following table on which in column A there is indicated his reserve ratio and under the schedule within which the reserve multiple falls as of April 30th of each year. The following table will apply for each 12-month period commencing July 1st of each year as determined by paragraph C.

EMPLOYEE'S CONTRIBUTION RATE IN PERCENT OF WAGES

| Employer Reserve Ratio | When Reserve Multiple is: | | | | | | | |
|---------------------------|---------------------------|--------------|--------|---------------|---------------|---------------|---------------|-------------|
| | Equal to or more than | Less than | over 3 | 2.50- 3.00 | 2.00- 2.49 | 1.50- 1.99 | 1.00- 1.49 | .67- .99 |
| Column A | Schedules | | | | | | | |
| | A | B | C | D | E | F | G | |
| 19.0% and over | .5% | .7% | .9% | 1.2% | 1.5% | 1.7% | 1.9% | |
| 18.0% 19.0% | .6% | .8% | 1.0% | 1.3% | 1.6% | 1.8% | 2.0% | |
| 17.0% 18.0% | .7% | .9% | 1.1% | 1.4% | 1.7% | 1.9% | 2.1% | |
| 16.0% 17.0% | .8% | 1.0% | 1.2% | 1.5% | 1.8% | 2.0% | 2.2% | |
| 15.0% 16.0% | .9% | 1.1% | 1.3% | 1.6% | 1.9% | 2.1% | 2.3% | |
| 14.0% 15.0% | 1.0% | 1.2% | 1.4% | 1.7% | 2.0% | 2.2% | 2.4% | |
| 13.0% 14.0% | 1.1% | 1.3% | 1.5% | 1.8% | 2.1% | 2.3% | 2.5% | |
| 12.0% 13.0% | 1.2% | 1.4% | 1.6% | 1.9% | 2.2% | 2.4% | 2.6% | |
| 11.0% 12.0% | 1.3% | 1.5% | 1.7% | 2.0% | 2.3% | 2.5% | 2.7% | |
| 10.0% 11.0% | 1.4% | 1.6% | 1.8% | 2.1% | 2.4% | 2.6% | 2.8% | |
| 9.0% 10.0% | 1.5% | 1.7% | 1.9% | 2.2% | 2.5% | 2.7% | 2.9% | |
| 8.0% 9.0% | 1.6% | 1.8% | 2.0% | 2.3% | 2.6% | 2.8% | 3.0% | |
| 7.0% 8.0% | 1.7% | 1.9% | 2.1% | 2.4% | 2.7% | 2.9% | 3.1% | |
| 6.0% 7.0% | 1.8% | 2.0% | 2.2% | 2.5% | 2.8% | 3.0% | 3.2% | |
| 5.0% 6.0% | 1.9% | 2.1% | 2.3% | 2.6% | 2.9% | 3.1% | 3.3% | |
| 4.0% 5.0% | 2.0% | 2.2% | 2.4% | 2.7% | 3.0% | 3.2% | 3.4% | |
| 3.0% 4.0% | 2.2% | 2.4% | 2.6% | 2.9% | 3.2% | 3.4% | 3.6% | |
| 2.0% 3.0% | 2.4% | 2.6% | 2.8% | 3.1% | 3.4% | 3.6% | 3.8% | |
| 1.0% 2.0% | 2.6% | 2.8% | 3.0% | 3.3% | 3.6% | 3.8% | 4.0% | |
| .0% 1.0% | 2.8% | 3.0% | 3.2% | 3.5% | 3.8% | 4.0% | 4.2% | |
| Negative balance | 3.1% | 3.3% | 3.5% | 3.8% | 4.0% | 4.2% | 4.5% | |

C. To designate the contribution rate schedule to be effective for a rate year, a reserve multiple shall be determined. The reserve multiple shall be determined by dividing the fund reserve ratio by the highest benefit cost rate. The determination date shall be April 30th of each calendar year, and the schedule of contribution rates to apply for the 12-month period commencing July 1st, shall be as determined by this reserve multiple. If at any time in the opinion of the commission, an emergency exists such as to seriously impair the fund, the commission may, after reasonable notices and public hearing, forthwith reestablish all rates in accordance with those

shown in schedule G carried in paragraph B and continue said rates in force until, in the opinion of the commission such emergency no longer exists, or until the effective date of the next rate year.

Sec. 3. R. S., T. 26, § 1221, sub-§ 6, repealed and replaced. Subsection 6 of section 1221 of Title 26 of the Revised Statutes is repealed and the following enacted in place thereof:

6. Definitions. The following words, as used in this section, shall have the following meanings, unless the context already requires otherwise:

A. Computation date. "Computation date" shall be December 31st of each calendar year, and the reserve ratio of each employer entitled to this section shall be determined by the commission as of that date.

B. Effective date. "Effective date" shall be the date on which the new rates shall become effective and shall be July 1st of each calendar year.

C. Fund reserve ratio. "Fund reserve ratio" means the net balance available for benefit payments divided by the total wages for the 12-month period ending on the computation date.

D. Highest benefit cost rate. "Highest benefit cost rate" means the highest percentage obtained by dividing net benefits paid for 4-consecutive calendar quarters by the total wages for the same period.

E. Net balance available for benefit payments. "Net balance available for payments" means the sum of the balance in the trust fund, the benefit fund, and the clearing account after adjustment for outstanding checks, and adjustment for funds in transit between either of said funds or said account.

F. Rate year. "Rate year" shall be the 12-month period commencing July 1st of each year.

G. Reserve multiple. "Reserve multiple" is a measure of the fund reserve which expresses the current fund reserve ratio as a multiple of the highest benefit cost rate.

H. Total wages. "Total wages" means the aggregate total wages paid in Maine covered employment, as reported on employer contribution reports.

Sec. 4. R. S., T. 26, § 1221, sub-§ 8, repealed. Subsection 8 of section 1221 of Title 26 of the Revised Statutes is repealed.

Sec. 5. Effective date. This Act shall become effective on July 1, 1974.

STATEMENT OF FACT

This bill amends the benefit financing provisions of the Employment Security Law to provide an equitable system of maintaining the State Unemployment Compensation Fund at a minimum safety level.