

MAINE STATE LEGISLATURE

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FIRST SPECIAL SESSION

ONE HUNDRED AND SEVENTH LEGISLATURE

Legislative Document

No. 2284

H. P. 2144

House of Representatives, March 4, 1976

Reported by Mr. Teague from Committee on Labor pursuant to H. P. 1775 and printed under Joint Rules No. 3.

EDWIN H. PERT, Clerk

Filed under Joint Rule No. 3, Study Order H. P. 1775.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-SIX

AN ACT to Set the Unemployment Insurance Contribution Rate for New Employers at the Average Contribution Rate for all Employers in the Previous Year.

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

26 MRSA § 1221, sub-§ 4, ¶ A, as last repealed and replaced by PL 1971, c. 538, § 38, is amended to read:

A. The standard rate of contributions shall be 2.7%. No contributing employer's rate shall be varied from the standard rate, unless and until his experience rating record has been chargeable with benefits throughout the 36-consecutive-calendar-month period ending on the computation date applicable to such year; provided that with respect to the rate year beginning July 1, 1972, and each rate year thereafter, the rate of any contributing employer who has not been subject to this chapter for a sufficient period of time to meet the 36-month requirement may be varied from the standard rate, if there shall have been a lesser period throughout which his experience rating record has been chargeable with benefits, but in no case less than the 24-consecutive-calendar-month period ending on the computation date applicable to such year; provided, further, that beginning January 1, ~~1972~~ 1976, and with respect to each rate year thereafter, each contributing employer newly subject to this chapter shall pay contributions at the ~~rate of 2%~~ **average contribution rate as computed for the most recently computed calendar year, provided such rate does not exceed 3.0%; and not less than 1%, and until such time as his experience rating record has been chargeable with benefits throughout the 24-consecutive-calendar-month period ending on the computation date applicable to such year, and for rate years thereafter his contribution rate shall be determined in accordance with subsections 3 and 4.**

STATEMENT OF FACT

Employers newly subject to the unemployment compensation law are presently taxed at a rate lower than the rate charged to any other subject employer. Evidence indicates that such a low rate is unwarranted, in view of the average claimed benefit experience of employees of new employers. The purpose of this bill is to bring the tax rate for new employers more closely in line with their cost to the fund, and to end the subsidy which they now receive from employers taxed according to their experience rating.