

# MAINE STATE LEGISLATURE

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FIRST SPECIAL SESSION

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ONE HUNDRED AND SEVENTH LEGISLATURE

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**Legislative Document**

**No. 2287**

H. P. 2148

House of Representatives, March 4, 1976

Reported by Mr. Sprowl 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 pursuant to H. P. 1775.

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**STATE OF MAINE**

IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
SEVENTY-SIX

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**AN ACT to Strengthen the State Unemployment Trust Fund.**

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

**Sec. 1.** 26 MRSA § 1043, sub-§ 2, as amended by PL 1971, c. 538, § 2, is further amended to read:

2. **Annual payroll.** "Annual payroll" means the total amount of wages paid by an employer during a calendar year, not meaning, however, to include that part of individual wages or salaries in excess of \$3,000 in any calendar year through 1971 and \$4,200 in any ~~subsequent~~ calendar year through 1975 and \$6,000 in any subsequent calendar year.

**Sec. 2.** 26 MRSA § 1043, sub-§ 19, ¶ A, 1st sentence, as repealed and replaced by PL 1965, c. 381, § 4 and as last amended by PL 1971, c. 538, § 15, is further amended to read:

For purposes of section 1221, the term "wages" shall not include that part of remuneration which after remuneration equal to \$3,000 through December 31, 1971 and on and after January 1, 1972 that part of remuneration equal to \$4,200, and on and after January 1, 1976 that part of remuneration equal to \$6,000 has been paid in a calendar year to an individual by an employer or his predecessor with respect to employment during any calendar year, is paid to such individual by such employer during such calendar year, unless that part of the remuneration is subject to a tax under a federal law imposing a tax against which credit may be taken for contributions required to be paid into a state unemployment fund.

**Sec. 3.** 26 MRSA § 1191, sub-§ 4, as enacted by PL 1965, c. 381, § 10 and as last amended by PL 1975, c. 568, § 1, is further amended to read:

4. **Maximum amount of benefits.** The maximum amount of benefits which shall be paid to any eligible individual with respect to any benefit year, whether for total or partial unemployment, shall not exceed the lesser of ~~26~~ 20 times his weekly benefit amount or  $33\frac{1}{3}\%$ , rounded to the nearest dollar, of his total wages paid for insured work during his base period ~~plus the supplemental weekly benefit for dependents payable under subsection 6.~~

Sec. 4. 26 MRSA § 1191, sub-§ 6, as enacted by PL 1975, c. 568, § 2, is repealed.

Sec. 5. 26 MRSA § 1196 is enacted to read:

§ 1196. Contributions by employees

1. Net balances greater than \$30,000,000. On and after January 1, 1977 and for each calendar year thereafter, when the net balance available for payments, as defined in section 1221, is greater than \$30,000,000 for the fiscal year beginning on the first day of July next preceding, no contribution shall be made by any employee.

2. Net balance less than \$30,000,000. On and after January 1, 1977 and for each calendar year thereafter when the net balance available for payments, as defined in section 1221, is less than \$30,000,000 for the fiscal year beginning on the first day of July next preceding, each employee employed by an employer subject to this chapter shall contribute to the fund 1.0% of the wages for employment paid to him after the date as of which the conditions determining that his employer is subject to this chapter have been fulfilled except:

A. No employee shall be required to pay contributions on that part of his wages which are not included in the definition of "wages" as defined in section 1043, subsection 19. If by reason of an employee rendering service for more than one employer during any calendar year, the wages of the employee with respect to employment during such year exceed the amount set out in section 1043, subsection 19, the employee shall be entitled to a refund of any amount of contribution with respect to such wages imposed by this chapter, deducted from such wages and paid to the fund, which exceeds the contribution with respect to the amount of wages set out in this paragraph; or

B. No employee shall be required to pay contributions on any wages paid to him for employment as defined in this chapter if such wages would become the basis for payment of benefits for which his employer would be required or has elected to reimburse the fund by means of payments in lieu of contributions pursuant to this chapter.

3. Responsibility. When, under the provisions of this section, contributions by employees of employers subject to this chapter are required, each employer shall, notwithstanding any provisions of law in this State to the contrary, be responsible for withholding and shall withhold, in trust, such contributions from the wages of his employees at the time such wages are paid, and shall show such deductions on his payrolls and records and shall transmit all contributions to the fund pursuant to regulations prescribed by the commissioner.

**Contributions by employees payable to the fund as herein provided shall be exempt from garnishment, attachment, execution or any other remedy for the collection of debts.**

**Sec. 6. 26 MRSA § 1221, sub-§ 1, ¶ A, last sentence is amended to read:**

Such contributions shall become due and be paid by each employer to the commission for the fund in accordance with such regulations as the commission may prescribe, and shall not be deducted, in whole or in part, from the wages of individuals in his employ, **except as provided in section 1196.**

**Sec. 7. 26 MRSA § 1221, sub-§ 4, ¶ B, last sentence, as repealed and replaced by PL 1973, c. 563, § 2, is amended to read:**

The following table will apply for each 12-month period commencing July 1st of each year as determined by paragraph C, **provided, that at any time the reserve multiple as computed falls under .45, the commissioner shall increase such rates by .5% and shall continue such rates until another reserve multiple has been established in accordance with this chapter.**

#### STATEMENT OF FACT

Recent cost estimates of the Department of Manpower Affairs indicate that the State Unemployment Trust Fund will be in debt by about \$28 million at the end of fiscal year 1975-76 and by about \$54 million at the end of fiscal year 1976-77. The purpose of this bill is to reduce that debt and to place the fund closer to a pay-as-you-go position, by:

1. Repealing the dependency allowance;
2. Establishing an employee contribution of 1% of covered wages, subject to a limit;
3. Raising the tax on employers by an additional .5%;
4. Raising the taxable wage base from \$4,200 to \$6,000; and
5. Shortening the benefit period from 26 to 20 weeks.