

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND NINTH LEGISLATURE

Legislative Document

No. 462

S. P. 195

In Senate, February 9, 1979

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

Presented by Senator Pray of Penobscot.

MAY M. ROSS, Secretary of the Senate

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-NINE

**AN ACT Providing for Equitable Unemployment Compensation Contributions by
Related Corporations that Concurrently Employ the Same Individual.**

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

26 MRSA § 1043, sub-§ 9, ¶N is enacted to read:

N. If 2 or more related corporations concurrently employ the same individual and compensate that individual through a common paymaster which is one of the corporations, those corporations shall be considered to be a single employer, and each of the corporations shall be considered to have paid as wages to the individual only the amounts actually disbursed by it to the individual and shall not be considered to have paid as wages to the individual amounts actually disbursed to the individual by another of the corporations.

STATEMENT OF FACT

This provision is nearly identical to a recent amendment to the Federal Unemployment Tax Act. Before the federal change, related corporations that concurrently employed the same individual were often required to pay as much as 3 times more in FUTA taxes than a single employer would be required to pay for employment of the same individual. This inequity still exists under the

Maine Employment Security Law. The purpose of this bill, therefore, is to make Maine law consistent with federal law by treating those related corporations as a single employer for the purpose of determining the amount of taxes due. Similar treatment has already been accorded to joint employers in the public sector who use the reimbursement method of financing under the Maine Employment Security Law.