

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)

FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 976

H. P. 822

House of Representatives, February 24, 1981

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

EDWIN H. PERT, Clerk

Presented by Representative Tarbell of Bangor.

Cosponsor: Representative Livesay of Brunswick.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED AND EIGHTY-ONE

**AN ACT to Suspend the Annual Escalation in Unemployment Benefits While the State Remains Indebted to the Federal Government.**

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

26 MRSA § 1191, sub-§ 2, as last amended by PL 1971, c. 538, § 21, is further amended by adding at the end a new paragraph to read:

**If at any time during the 12-month period preceding June 1st of a calendar year, there has been an outstanding balance of advances which have been made to the unemployment account of the State under the Social Security Act, Title XII, the maximum weekly benefit amount for the 12-month period beginning on June 1st of that year shall not exceed the maximum weekly benefit amount which was in effect for the preceding 12-month period.**

STATEMENT OF FACT

The State is now indebted to the Federal Government for \$36.4 million which was borrowed during the recession of the mid-seventies in order to finance benefit payments. Federal law requires that a progressive penalty tax be imposed on Maine employers until the indebtedness is repaid, either from penalty tax collections, payments from the state's unemployment trust fund or a combination of the 2. In addition to their regular state and federal unemployment taxes, therefore, Maine employers will be required to pay an additional .3% of taxable

payrolls in 1981; an additional .6% in 1982; an additional .9% in 1983; and so on until the loans are repaid.

The purpose of this bill is to facilitate repayment of the loans as soon as possible. This would be accomplished by placing a temporary freeze upon the maximum benefit levels. This would reduce the immediate demand on the state's unemployment trust fund, a fund which is financed entirely by employer taxes, and make more money available for repayment of indebtedness.