

MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 1011

H. P. 845

House of Representatives, February 25, 1981

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

EDWIN H. PERT, Clerk

Presented by Representative Dexter of Kingfield.

Cosponsor: Representative Cunningham of New Gloucester.

STATE OF MAINE

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

AN ACT to Implement Certain Cost Savings while the State's Unemployment Compensation Fund Remains in Debt.

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

Sec. 1. 26 MRSA § 1191, sub-§ 6, as amended by PL 1975, c. 720, is further amended by adding at the end a new paragraph to read:

No supplemental weekly benefits may be payable during a calendar year under this subsection if, at any time during the 12-month period preceding January 1st of that calendar year, there has been an outstanding balance of advances which have been made to the unemployment account of the State under the United States Social Security Act, Title XII.

Sec. 2. 26 MRSA § 1192, sub-§ 4-A is enacted to read:

4-A. Has served a waiting period. He has served a waiting period of one week of total or partial unemployment. No week may be counted as a week of total or partial unemployment for the purpose of this subsection:

A. If benefits have been paid with respect to that week;

B. Unless it occurs within the benefit year which includes the week with respect to which he claims payment of benefits; and

C. Unless the individual was eligible for benefits with respect to that week, as provided in this section and section 1193, except for the requirements of this subsection;

STATEMENT OF FACT

The State is now heavily indebted to the Federal Government for \$36.4 million which was borrowed during the recession of the mid-70s in order to finance unemployment benefit payments. Federal law requires that a progressively escalating penalty be imposed on Maine employers until the indebtedness is repaid.

For this reason, it is essential to temporarily reduce the drain on the state's unemployment trust fund, a fund which is financed entirely by employer taxes, and to ensure that no additional burden is imposed upon it.

The purpose of this bill is to prevent an additional demand on the fund as a result of a recent federal law. The State presently pays an individual "regular benefits" for the first 26 weeks of unemployment and "extended benefits" for the next 13 weeks. The Federal Government ordinarily reimburses the State for 50% of all extended benefit payments. Under a recent change in the federal law, any state which does not have a one-week waiting period prior to the payment of regular benefits is not eligible for federal reimbursement for the first week of extended benefits paid to any individual. This bill establishes such a waiting period in order to prevent this loss of federal reimbursement.

This bill also temporarily reduces the demand on the unemployment fund by suspending the payment of dependency benefits until the State is able to repay the loan.