

# MAINE STATE LEGISLATURE

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FIRST REGULAR SESSION

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ONE HUNDRED AND TENTH LEGISLATURE

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**Legislative Document**

**No. 1222**

H. P. 1012

House of Representatives, March 10, 1981

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

EDWIN H. PERT, Clerk

Presented by Representative Nadeau of Lewiston.

Cosponsors: Representative J. Diamond of Bangor, Representative Kane of South Portland and Representative Baker of Portland.

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STATE OF MAINE

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

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**AN ACT to Establish a Voluntary System of Shared-work Unemployment Compensation.**

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

Sec. 1. 26 MRSA § 1196, is enacted to read:

§ 1196. Shared-work unemployment compensation benefit; weekly amount; report; duration of section

Notwithstanding section 1043, subsection 17 or any other provision of this Part, for the purposes of this section an individual is unemployed in any week if the individual works less than his normal hours or number of days in a week for the individual's regular employer, and the director finds that the regular employer has reduced or restricted the individual's hours or days of work, or has rehired an individual previously laid off and reduced that individual's hours or days of work from those previously worked, as the result of a plan by the regular employer to reduce employment and stabilize the work force by a program of sharing the work remaining after a reduction in total hours of work and a corresponding reduction in wages, among not less than 10% of the employer's regular permanent work force involved in the affected work unit or units.

Except as otherwise provided in this section, each individual eligible under this

subchapter who is unemployed in any week shall be paid with respect to that week a weekly shared work unemployment compensation benefit amount equal to the percentage of the reduction of the individual's wages resulting from reduced hours or days of work, rounded to the nearest percent, multiplied by the individual's weekly benefit amount, except that this provision shall apply only if the percentage of reduction is 10% or more. Any eligible individual receiving this work-shared benefit shall also receive a dependent benefit in the amount established in section 1191, subsection 6.

No individual may be paid any benefits under this section in excess of 26 weeks of benefits during a period of 52 consecutive weeks beginning with the first week of benefits paid under this section. No individual who receives any benefits under this section during any benefit year may receive any benefits pursuant to section 1043, subsection 17, paragraph B, as a partially unemployed individual with respect to any week during that benefit year while in employment status with the regular employer who initiated the program of sharing work under this section. No benefits under this section may be payable during any individual's extended duration period or extended benefit period.

Any amount payable under this section shall be reduced by the amount of any and all compensation payable for personal services whether performed as an employee or an independent contractor or as a juror or as a witness, except compensation payable by the regular employer not in excess of compensation payable for reduced hours of work assigned an individual by the regular employer under a shared-work plan.

The benefit payment under this section if not a multiple of \$1 shall be increased to the next higher multiple of \$1.

Section 1191, subsection 3, shall not apply to any individual eligible for any payment under this section.

Except as otherwise provided by or inconsistent with this section, all provisions of this chapter and authorized regulations apply to benefits under this section. Authorized regulations may, to the extent permitted by federal law, make such distinctions and requirements as may be necessary in the procedures and provisions applicable to unemployed individuals to carry out the purposes of this section.

Employees are not eligible to receive any benefits under this section unless their employer agrees, in writing, and their bargaining agent pursuant to any applicable collective bargaining agreement agrees, in writing, to voluntarily participate in the shared-work unemployment insurance benefit program created by this section.

This section is repealed on December 31, 1983. The Joint Standing Committee on Audit and Program Review shall issue an interim report to the Legislature on or before January 1, 1982 on the use and operation of this program; including the number and types of employers utilizing this program, the tax rates, if any, of

such employers and the number of employees affected. The Joint Standing Committee on Audit and Program Review shall issue a final report to the Legislature on or before January 1, 1983 on the use and the operation of this program which shall include any recommendation concerning the extension of this section beyond December 31, 1983.

Sec. 2. 26 MRSA § 1221, sub-§ 4, ¶B, sub-¶ (1) is enacted to read:

(1) Any employer who has elected under section 1196 to participate in the shared-work unemployment insurance benefit program, who has a negative reserve account balance on any December 31st, and whose reserve account has been charged for benefits paid under this section during the 12-month period ending upon that December 31st shall pay into the Unemployment Fund, in addition to all other contributions required by this chapter, contributions for the calendar year next succeeding that December 31st at the rate prescribed by this section based upon the ratio of the employer's net balance of reserve to the employer's average base payroll. If as of any December 31st an employer's net balance of reserve equals or exceeds that percentage of his average base payroll which appears on any line in column 1 of the following table but is less than that percentage which appears on the same line in column 2 of that table, his rate shall be the figure appearing on that same line in column 3.

Line	Reserve balance		Additional Contribution
	Column 1	Column 2	Rate Column 3
1.....	100.0%	No limitation	3.0%
2.....	80.0%	100.0%	2.5%
3.....	60.0%	80.0%	2.0%
4.....	40.0%	60.0%	1.5%
5.....	20.0%	40.0%	1.0%
6.....More than	0.0%	20.0%	0.5%

Contributions paid pursuant to this section shall be included as employer contributions under subsection 1 and for all other purposes under this chapter.

This section is repealed on December 31, 1987.

STATEMENT OF FACT

This bill establishes a voluntary system of shared-work unemployment

compensation. If elected by an employer, the system would prevent the outright layoff of employees by providing the alternative of a reduction in wages of the total work force, either on a plant-wide or a division-wide basis. Each worker would receive the reduced wages paid by his employer with a percentage of the balance being picked up by unemployment compensation.

For example, if an employer determines that he needs to reduce salary expenses by 20%, instead of laying off 20% of the work force, he may elect this program whereby all employees would remain on the job, but the entire work force would take a 20% pay cut. The workers would then receive 20% of their maximum unemployment compensation benefit in addition to this reduced base salary.

The program is designed to keep people working through periods of reduced business activity.