

MAINE STATE LEGISLATURE

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EMERGENCY
(Governor's Bill)
FIRST REGULAR SESSION

ONE HUNDRED AND TENTH LEGISLATURE

Legislative Document

No. 1560

H. P. 1381 House of Representatives, April 27, 1981
(Submitted by the Department of Manpower Affairs pursuant to Joint Rule
24)

Reference to the Committee on Labor suggested and ordered printed.
Presented by Representative Dexter of Kingfield.

EDWIN H. PERT, Clerk

STATE OF MAINE

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

**AN ACT to Implement Certain Costs Savings While the State's Unemployment
Compensation Fund Remains in Debt.**

Emergency preamble. Whereas, Acts of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the United States Congress has passed the United States Omnibus Reconciliation Act of 1980, Public Law 96-499, which effects changes in the federal reimbursement provisions of the unemployment compensation law; and

Whereas, the State will lose federal reimbursement funds if the Legislature does not make this proposed change in the method of paying benefits to persons eligible to receive unemployment compensation; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

4-A. Has served a waiting period. For each eligible individual establishing a benefit year on or after May 10, 1981, 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;**

Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect when approved.

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-seventies 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.

The waiting period requirement will apply only to initial claims filed after May 10, 1981, and will not interrupt payments to present claimants who have previously established a current benefit year.

Any actual cost savings will depend upon several unknown variables. It is estimated that if the "waiting week" had been in effect, savings to the fund in 1980 would have been as follows:

Regular benefits	\$5,943,000
Extended benefits	756,000