

# MAINE STATE LEGISLATURE

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1 SECOND REGULAR SESSION  
2

3 ONE HUNDRED AND ELEVENTH LEGISLATURE  
4

5 Legislative Document

No. 2045

6  
7 S.P. 742

In Senate, February 2, 1984

8 Reference to the Committee on Labor. Ordered printed and sent down  
9 for concurrence.

Submitted by the Department of Labor pursuant to Joint Rule 24.

JOY J. O'BRIEN, Secretary of the Senate

10 Presented by Senator Dutremble of York.

Cosponsors: Representative Gauvreau of Lewiston, Senator Brown of  
Washington and Representative Bonney of Falmouth.

11  
12 STATE OF MAINE  
13

14 IN THE YEAR OF OUR LORD  
15 NINETEEN HUNDRED AND EIGHTY-FOUR  
16

17 AN ACT to Provide for Repayment of  
18 Interest Charges Incurred on Federal  
19 Advances to the Unemployment  
20 Compensation Fund.  
21

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

24 Sec. 1. 26 MRSA §1165 is enacted to read:

25 §1165. Federal Advance Interest Fund

26 The Federal Advance Interest Fund shall be a special  
27 nonlapsing fund in the State Treasury. All receipts,  
28 including interest, fines and penalties, collected  
29 from the special employer's assessment, as defined  
30 in section 1241, shall be paid into this fund.  
31 Income from investment of this fund shall be deposited  
32 to the credit of the fund. All moneys in the  
33 fund shall be deposited, administered and disbursed  
34 in the same manner and under the same conditions and

1 requirements as are provided by law for other special  
2 funds in the State Treasury.

3 The moneys in this fund shall be used for the  
4 purpose of paying interest incurred on advances re-  
5 ceived from the Federal Unemployment Trust Fund, and  
6 any associated administrative costs. If, as of De-  
7 cember 31st of any year, no interest is payable and  
8 no balance of interest-bearing advances exists in the  
9 Unemployment Compensation Fund, the unobligated and  
10 unencumbered balance of the Federal Advance Interest  
11 Fund in excess of \$5,000,000 shall be transferred to  
12 the Unemployment Compensation Fund by January 31st of  
13 the following year.

14 Sec. 2. 26 MRSA §1241 is enacted to read:

15 §1241. Special employer's assessment

16 In addition to the employer's contributions re-  
17 quired under section 1221, there is created a special  
18 employer's assessment.

19 1. Definitions. Except as otherwise indicated  
20 in this section, all definitions and provisions con-  
21 tained in this subchapter pertain to the special em-  
22 ployer's assessment.

23 A. "Special employer's assessment" is a separate  
24 payment applicable to each calendar quarter of an  
25 assessment year and required of each employer  
26 subject to this chapter, other than those liable  
27 for payments in lieu of contributions. All re-  
28 ceipts, including interest, fines and penalties  
29 collected from the special employer's assessment,  
30 shall be paid into the Federal Advance Interest  
31 Fund, as defined in section 1165.

32 B. During each calendar quarter of an assessment  
33 year, a "special employer's assessment rate"  
34 shall apply to each employer subject to this  
35 chapter, other than those liable for payments in  
36 lieu of contributions. The special employer's  
37 assessment rate shall be equal to the percentage,  
38 rounded to the next highest 1/10 of 1%, derived  
39 by dividing the amount, as of December 31st of  
40 each calendar year, of interest incurred on ad-

1 vances received in the Unemployment Compensation  
2 Fund by the taxable wages reported by contribut-  
3 ing employers for the immediately preceding cal-  
4 endar year. If, on the December 31st preceding  
5 any assessment year, a balance of interest-bear-  
6 ing advances exists in the Unemployment Compensa-  
7 tion Fund, the special employer's assessment rate  
8 for that assessment year shall be multiplied by a  
9 factor of 1.5 and rounded to the next highest  
10 1/10 of 1%.

11 C. An "assessment year" is the calendar year im-  
12 mediately following a year in which interest was  
13 payable on advances received in the Unemployment  
14 Compensation Fund, provided that the balance in  
15 the Federal Advance Interest Fund on December  
16 31st of the year preceding the assessment year is  
17 less than \$5,000,000.

18 2. Payments. All provisions, including those  
19 contained in regulations regarding payments, due  
20 dates and reports which apply to the collection of  
21 contributions, shall also apply to the collection of  
22 the special employer's assessment.

23 3. Experience rating records. Nothing in this  
24 section may be construed to permit crediting the spe-  
25 cial employer's assessment to any employer's experi-  
26 ence rating record.

27 4. Interest; penalties; liens and warrants. All  
28 provisions regarding interest, penalties, liens and  
29 warrants which apply to the collection of contribu-  
30 tions shall also apply to the collection of the spe-  
31 cial employer's assessment.

32 STATEMENT OF FACT

33 Section one establishes a fund which can be used  
34 for the payment of interest charges incurred on fed-  
35 eral advances to the state's Unemployment Compensa-  
36 tion Fund. In the past, advances were interest free,  
37 but Congress has now passed legislation requiring  
38 states to make interest payments on advances. A spe-  
39 cial and separate fund is required because interest  
40 payments may not be made directly from the Unemploy-  
41 ment Compensation Fund.

1           Section 2 establishes the conditions under which  
2 a special assessment will be charged to generate rev-  
3 enues to meet interest payments. The amount of the  
4 assessment is linked to the total amount of interest  
5 due and increases as the total interest due in-  
6 creases. Assessment years are also established in  
7 order that no assessment will be made when no inter-  
8 est payments are required.

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