

MAINE STATE LEGISLATURE

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(New Draft of H.P. 1577, L.D. 2087)

SECOND REGULAR SESSION

ONE HUNDRED AND ELEVENTH LEGISLATURE

Legislative Document

No. 2341

H.P. 1773

House of Representatives, March 22, 1984

Reported by Representative Gauvreau from the Committee on Labor and printed under Joint Rule 2.

EDWIN H. PERT, Clerk

STATE OF MAINE

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

AN ACT to Provide for Financial Solvency
in the Unemployment Compensation Fund.

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

Sec. 1. 26 MRSA §1193, sub-§7, as amended by PL 1983, c. 305, §5, is further amended to read:

7. Discharged for crime. For the period of unemployment next ensuing with respect to which he was discharged for conviction of felony or misdemeanor in connection with his work. The ineligibility of such individual shall continue for all weeks subsequent until such individual has thereafter earned ~~not less than~~ \$600 or 8 times his weekly benefit amount, whichever is greater, in employment by an employer.

Sec. 2. 26 MRSA §1221, sub-§4, ¶A, as amended by PL 1981, c. 547, §2, is further amended to read:

1 A. The standard rate of contributions shall be
2 ~~2-7%~~ 5.4%. No contributing employer's rate shall
3 ~~may~~ be varied from the standard rate, unless and
4 until his experience rating record has been
5 chargeable with benefits throughout the
6 36-consecutive-calendar-month period ending on
7 the computation date applicable to such year;
8 provided that with respect to the rate year be-
9 ginning July 1, 1972, and each rate year thereaf-
10 ter, the rate of any contributing employer who
11 has not been subject to this chapter for a suffi-
12 cient period of time to meet the 36-month re-
13 quirement may be varied from the standard rate,
14 if there shall have been a lesser period through-
15 out which his experience rating record has been
16 chargeable with benefits, but in no case less
17 than the 24-consecutive-calendar-month period
18 ending on the computation date applicable to such
19 year; provided, further, that beginning July 1,
20 1976, and with respect to each rate year thereaf-
21 ter, each contributing employer newly subject to
22 this chapter shall pay contributions at the aver-
23 age contribution rate, rounded to the next higher
24 1/10 of 1%, on the taxable wages reported by con-
25 tributing employers for the 12-month period imme-
26 diately preceding the last computation date, pro-
27 vided such rate does not exceed 3.0%; and not
28 less than 1%, and until such time as his experi-
29 ence rating record has been chargeable with bene-
30 fits throughout the 24-consecutive-calendar-month
31 period ending on the computation date applicable
32 to such year, and for rate years thereafter his
33 contribution rate shall be determined in accord-
34 ance with subsections 3 and 4.

35 Sec. 3. 26 MRSA §1221, sub-§4, ¶B, as amended by
36 PL 1981, c. 16, §1, is further amended to read:

37 B. Subject to paragraph A, each employer's con-
38 tribution rate for the 12-month period commencing
39 January 1st of each year shall be based upon his
40 experience rating record and determined from his
41 reserve ratio, which is the percent obtained by
42 dividing the amount by which, if any, his contri-
43 butions credited from the time he first or most
44 recently became an employer, whichever date is
45 later, and up to and including June 30th of the

1 preceding year, including any part of his contri-
2 butions due for that year payable on or before
3 July 31st of the preceding year, exceed his bene-
4 fits charged during the same period, by his aver-
5 age annual payroll for the 36-consecutive-month
6 period ending June 30th of the preceding year.
7 His contribution rate is the percent shown on the
8 line of the following table on which in column A
9 there is indicated his reserve ratio and under
10 the schedule within which the reserve multiple
11 falls as of September 30th of each year. The fol-
12 lowing table will apply for each 12-month period
13 commencing January 1st of each year as determined
14 by paragraph C. Notwithstanding any other provi-
15 sions of this paragraph, each employer's contri-
16 bution rate computed and effective as of July 1,
17 1981, shall be for the 6-month period ending De-
18 cember 31, 1981.

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STATEMENT OF FACT

Section 1 increases the penalty for a disqualification for a crime in connection with work. A claimant for unemployment benefits remains disqualified until he or she earns the greater of \$600, the current penalty, or 8 times his or her weekly benefit amount.

Section 2 meets federal requirements that the standard contribution rate be raised to 5.4%. Employers may be entitled to pay a lower rate once they have established good experience ratings that entitle them to a better rate.

Section 3 amends the employer's tax rate contribution schedules by raising rates for negative balance employers whose former employees draw more benefits than the employer has paid in taxes. Presently, all negative balance employers are taxed at the same rate, even those with large negative balances, in effect, forcing employers with better experience ratings to subsidize those with poor ratings. This weakens the incentives provided by the experience rating system. This change also meets the new federal requirement that the maximum tax rate in all schedules be at least 5.4%.

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