

# MAINE STATE LEGISLATURE

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(NEW DRAFT OF H.P. 1545, L.D. 2105)  
SECOND REGULAR SESSION

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ONE HUNDRED AND THIRTEENTH LEGISLATURE

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Legislative Document

NO. 2517

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H.P. 1839                      House of Representatives, March 14, 1988  
Reported by Representative HEPBURN from the Committee on  
Labor and printed under Joint Rule 2.

EDWIN H. PERT, Clerk

Original bill sponsored by Representative RYDELL of  
Brunswick. Cosponsored by Senator COLLINS of Aroostook,  
Representatives JOSEPH of Waterville and RAND of Portland.

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STATE OF MAINE

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

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1                      AN ACT to Increase Work Incentive in the  
2                      Unemployment Insurance Partial Benefit  
3                      Structure.  
4

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

7              Sec. 1.    26 MRSA §1191, sub-§3, as repealed and  
8      replaced by PL 1985, c. 737, Pt. A, §71, is repealed  
9      and the following enacted in its place:

1        3.    Weekly benefit for partial unemployment.    Each  
2    eligible individual who is partially unemployed in any  
3    week shall be paid a partial benefit for that week.  
4    The partial benefit shall be equal to the weekly  
5    benefit amount less the individual's weekly earnings  
6    in excess of \$25.    Any amount received from the  
7    Federal Government by members of the National Guard  
8    and organized reserve, including base pay and  
9    allowances or any amounts received as a volunteer  
10   fireman or as elected members of the Legislature,  
11   shall not be considered wages for the purpose of this  
12   subsection.

13        Sec. 2.    Report.    The Department of Labor shall  
14   report to the joint standing committee of the  
15   Legislature having jurisdiction over labor on the  
16   effects of increasing the dollar exemption for partial  
17   unemployment benefits.    This report shall be due by  
18   March 15, 1990.    It shall include, but not be limited  
19   to:

20        1.    The following data for 1987 to 1989:

21            A.    The total number of unemployment  
22   insurance recipients;

23            B.    The total number of partial claim  
24   recipients identified as job-attached and  
25   nonjob-attached to the extent possible; and

26            C.    The unemployment rate;

27        2.    Average earnings of partial benefit recipients;

28        3.    A comparison by state of partial benefit  
29   provisions;

30        4.    The over-all annual cost of a \$25-earnings  
31   versus a \$10-earnings deduction for partial benefits;  
32   and

33        5.    An analysis of the distribution of partial

1 payments by total unemployment weekly benefit  
2 amount.

3 FISCAL NOTE

4 This bill will increase unemployment compensation  
5 payments. The Department of Labor has estimated that  
6 an additional \$298,000 would have been paid if this  
7 proposal had been in effect in 1987.

8 STATEMENT OF FACT

9 Maine law presently provides unemployment  
10 insurance benefits to persons employed part-time, but  
11 in most cases those benefit amounts are reduced dollar  
12 for dollar, after a small disregard, by their wages.  
13 This discourages claimants from accepting part-time  
14 work. Maine's partial benefit structure is presently  
15 among the least favorable in the nation with respect  
16 to providing work incentive.

17 This new draft will benefit claimants by allowing  
18 them to keep more of their benefits when they accept  
19 part-time work. It will also benefit employers who  
20 are having difficulty recruiting part-time workers and  
21 reduce unemployment compensation payments by  
22 encouraging more unemployed workers to become  
23 part-time wage earners.

24 The original bill established a formula for  
25 calculating partial benefits that allowed workers to  
26 retain up to 1/2 of their partial benefit amount  
27 before earnings would be counted to reduce  
28 unemployment compensation.

29 The new draft increases the dollar amount for  
30 exemptions for partial unemployment benefits from \$10  
31 to \$25. The exemption has not changed since 1959.  
32 The Department of Labor estimates this change will add  
33 \$298,000 to the \$51,000,000 paid in unemployment  
34 benefits each year.

35 A report also is required by the new draft to

1 track some of the trends for individuals receiving  
2 partial benefits from the Unemployment Compensation  
3 Fund.

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