

MAINE STATE LEGISLATURE

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118th MAINE LEGISLATURE

FIRST SPECIAL SESSION-1997

Legislative Document

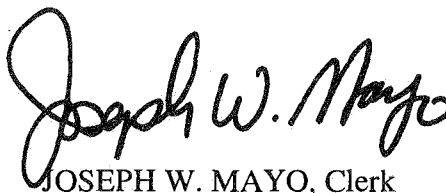
No. 1753

H.P. 1236

House of Representatives, April 8, 1997

An Act to Preserve the Solvency of the Unemployment Compensation Fund.

Reference to the Committee on Labor suggested and ordered printed.


JOSEPH W. MAYO, Clerk

Presented by Representative HATCH of Skowhegan. (GOVERNOR'S BILL)
Cosponsored by Senator CATHCART of Penobscot and
Representative PENDLETON of Scarborough.

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

2
4 **Sec. 1. 26 MRSA §1191, sub-§2**, as amended by PL 1995, c. 9, §2, is further amended to read:

6 **2. Weekly benefit amount for total unemployment.** Each
8 eligible individual establishing a benefit year on or after
10 October 1, 1983 who is totally unemployed in any week must be
12 paid with respect to that week benefits equal to 1/22 of the
14 wages, rounded to the nearest lower full dollar amount, paid to
16 that individual in the high quarter of the base period, but not
18 less than \$12. The maximum weekly benefit amount for claimants
20 requesting insured status determination beginning October 1, 1983
22 and thereafter from June 1st of a calendar year to May 31st of
24 the next calendar year may not exceed 52% of the annual average
26 weekly wage, rounded to the nearest lower full dollar amount,
28 paid in the calendar year preceding June 1st of that calendar
30 year. No increase in the maximum weekly benefit amount may occur
32 for the period from June 1, 1992 to October 28, 1995. For the
34 period periods from October 29, 1995 to May 31, 1997 and from
36 September 28, 1997 to September 26, 1998, the maximum weekly
38 benefit amount is limited to 94% of the amount calculated
40 previously in this subsection, rounded to the nearest lower full
42 dollar amount. For claimants requesting insured status
44 determination on or after April 1, 1993 and before January 1,
46 1995, the weekly benefit amount must be the amount determined by
48 this subsection minus \$6. For claimants requesting insured
50 status determination on or after April 1, 1995 and before January
1, 1998 1999, the weekly benefit amount must be the amount
determined by this subsection minus \$3.

32 **Sec. 2. 26 MRSA §1221, sub-§2, ¶C**, as amended by PL 1995, c. 9,
34 §5 and affected by §6, is further amended to read:

36 C. Each employer subject to this chapter, other than those
38 liable for payments in lieu of contributions, shall pay, in
40 addition to the contribution rate as prescribed in
42 subsection 4, 7/10 of 1% of the wages paid by the employer
44 with respect to employment during the calendar year 1993,
46 8/10 of 1% of the wages paid by the employer with respect to
48 employment during the calendar year 1994 and 4/10 of 1% of
50 the wages paid by the employer with respect to employment
during calendar years 1995, 1996 and, 1997 and 1998.

46 **Sec. 3. 26 MRSA §1221, sub-§4, ¶C**, as amended by PL 1981, c.
16, §2, is further amended to read:

48 C. To designate the contribution rate schedule to be
50 effective for a rate year, a reserve multiple shall must be
determined. The reserve multiple shall must be determined by

2 dividing the fund reserve ratio by the composite cost rate.
3 The determination date shall ~~be~~ is September 30th of each
4 calendar year, and the schedule of contribution rates to
5 apply for the 12-month period commencing January 1st, shall
6 ~~be~~ as is determined by this reserve multiple, except that
7 for the 1998 rate year Schedule P is in effect.

8 **Sec. 4. Study of unemployment compensation program.** The
9 Commissioner of Labor in conjunction with the state advisory
10 council, as established by the Maine Revised Statutes, Title 5,
11 section 12004-I, subsection 53, shall study the unemployment
12 compensation program to assess whether it is meeting the changing
13 needs of the labor force and the business community and develop
14 options to address the continuing solvency issues of the
15 Unemployment Compensation Fund. The commissioner and the state
16 advisory council shall examine the seasonality exclusion,
17 disqualification of persons who lose work because of problems
18 with child care or transportation, the alternate extended benefit
19 trigger, the duration of the dislocated worker benefit program,
20 the eligibility of part-time workers, and the effect of
21 unemployment taxes on the business community and fund reserves.
22 The commissioner shall submit a report to the joint standing
23 committee of the Legislature having jurisdiction over labor
24 matters and the Executive Director of the Legislative Council by
25 December 1, 1997.

28 SUMMARY

30 The purpose of this bill is to ensure the solvency of the
31 Unemployment Compensation Fund by reducing the maximum weekly
32 benefit amount by 6% from September 28, 1997 to September 26,
33 1998 and by reducing the weekly benefit amount by \$3 for all new
34 claims filed in 1998. A surtax on employers of 4/10 of 1% of
35 covered wages and tax Schedule P are imposed for 1998. The bill
36 is based on recommendations of the state advisory council
37 consisting of public, labor and business members appointed by the
38 Commissioner of Labor. The bill also requires a study of the
39 solvency issue and various benefit eligibility issues with regard
40 to the Unemployment Compensation Fund.