

MAINE STATE LEGISLATURE

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MAJORITY
LABOR

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
118TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 1604, L.D. 2230, 'Bill, "An Act to Implement the Majority Report Recommendations of the Commission to Study the Unemployment Compensation System"

Amend the bill by striking out all of sections 1, 2 and 4.

Further amend the bill in section 5 by striking out all of subsection 2 and inserting in its place the following:

2. Weekly benefit amount for total unemployment. Each eligible individual establishing a benefit year on or after October 1, 1983 who is totally unemployed in any week must be paid with respect to that week benefits equal to 1/22 of the average of the wages, rounded to the nearest lower full dollar amount, paid to that individual in the high-quarter 2 highest quarters of the base period, but not less than \$12. The maximum weekly benefit amount for claimants requesting insured status determination beginning October 1, 1983 and thereafter from June 1st of a calendar year to May 31st of the next calendar year may not exceed 52% 50.5% of the annual average weekly wage, rounded to the nearest lower full dollar amount, paid in the calendar year preceding June 1st of that calendar year. No increase in the maximum weekly benefit amount may occur for the period from June 1, 1992 to October 28, 1995. For the periods from October 29, 1995 to May 31, 1997 and from September 28, 1997 to September 26, 1998 December 31, 1998, the maximum weekly benefit amount is limited to 94% of the amount calculated previously in this subsection, rounded to the nearest lower full dollar amount. For claimants requesting insured status determination on or after

COMMITTEE AMENDMENT

2 April 1, 1993 and before January 1, 1995, the weekly benefit
amount must be the amount determined by this subsection minus
4 \$6. For claimants requesting insured status determination on or
after April 1, 1995 and before January 1, 1999, the weekly
6 benefit amount must be the amount determined by this subsection
minus \$3.'

8 Further amend the bill by striking out all of section 8 and
inserting in its place the following:

10 'Sec. 8. 26 MRSA §1192, sub-§3, as repealed and replaced by PL
12 1983, c. 816, Pt. A, §22, is amended to read:

14 3. ~~Is able and available for work.~~ He ~~The individual~~ is
able to work and; is available for full-time work at his the
16 individual's usual or customary trade, occupation, profession or
business or in ~~such other~~ another trade, occupation, profession
18 or business for which his the individual's prior training or
experience shows him the individual to be fitted or qualified;
20 and in addition to having complied with subsection 2, is himself
actively seeking work in accordance with the ~~regulations~~ rules of
22 the commission; ~~provided that no ineligibility.~~ Ineligibility
may not be found solely because the claimant is unable to accept
24 employment on a shift, the greater part of which falls between
the hours of midnight to 5 a.m., and is unavailable for that
26 employment because of parental obligation, the need to care for
an immediate family member, or, if the unemployed individual is a
28 handicapped person, the unavailability of a personal care
attendant required to assist the unemployed individual ~~who is a~~
30 ~~handicapped person; and provided that an.~~ An unemployed
individual who is neither able nor available for work due to good
32 cause as determined by the deputy ~~shall be~~ is eligible to receive
prorated benefits for that portion of the week during which he
34 the individual was able and available;'

36 Further amend the bill by striking out all of section 13 and
inserting in its place the following:

38 'Sec. 13. 26 MRSA §1195, sub-§1, ¶A, as amended by PL 1979, c.
40 515, §17, is further amended to read:

42 A. ~~Exhaustee.~~ "Exhaustee" means an individual who, with
respect ~~to~~ for any week of unemployment in his the
44 individual's eligibility period:

46 (1) Has received, prior to such week, all of the
regular benefits that were available ~~to him~~ under this
48 chapter or any other state law, including dependents'
allowances and benefits payable to federal civilian
50 employees and ex-servicemen under 5 U.S.C. Chapter 85,

in his the individual's current benefit year that includes such week, ~~provided that for~~. For the purposes of this paragraph, an individual shall be is deemed to have received all of the regular benefits that were available ~~to him although~~ even though, as a result of a pending appeal with respect to wages or employment, or both, that were not considered in the original monetary determination in his the individual's benefit year, he the individual may subsequently be determined to be entitled to added regular benefits, or ~~he may be entitled to regular benefits with respect to~~ for future weeks of unemployment, but such benefits are not payable with ~~respect to~~ for such week of unemployment by reason of section 1251;

(2) ~~His~~ The individual's benefit year having expired prior to such week, has no or insufficient wages or employment, or both, to establish a new benefit year or, subsequent to December 31, 1971, he does not qualify by having sufficient wages or employment, or both, as provided by section 1192, subsection 5, since the beginning of his the individual's prior benefit year; and

(3) Has no right to unemployment benefits or allowances, as the case may be, under the Railroad Unemployment Insurance Act, or under such other federal laws ~~as are~~ specified in regulations issued by the United States Secretary of Labor, and has not received and is not seeking unemployment benefits under the unemployment compensation law of Canada, ~~but if he~~. If the individual is seeking such benefits and the appropriate agency finally determines that he the individual is not entitled to benefits under such the pertinent law ~~he shall be~~, the individual is considered an exhaustee if the other provisions of this definition are met.'

Further amend the bill in section 14, in subsection 4-A in the 2nd line (page 7, line 2 in L.D.) by striking out the following: "On and" and inserting in its place the following: 'For rate years commencing on or'

Further amend the bill in section 14 in subsection 4-A in paragraph B by striking out all of subparagraphs (2), (3), (4) and (5) (page 8, lines 6 to 50 and page 9, lines 1 to 35 in L.D.) and inserting in their place the following:

(2) The commissioner shall segregate employers into contribution categories in accordance with the

2 cumulative totals under subparagraph (1), division
 4 (c). The contribution category is determined by the
 6 cumulative payroll percentage limits in column B. Each
 8 contribution category is identified by the contribution
 10 category number in column A that is opposite the
 12 figures in column B, which represent the percentage
 14 limits of each contribution category. If an employer's
 16 taxable payroll falls in more than one contribution
 18 category, the employer must be assigned to the
 20 lower-numbered contribution category, except that an
 22 employer may not be assigned to a higher contribution
 24 category than is assigned any other employer with the
 26 same reserve ratio.

	A	B		C
	Contribution Category	% of Taxable Payrolls		Experience Factors
		From	To	
18	<u>1</u>	<u>00.00</u>	<u>05.00</u>	<u>.40</u>
20	<u>2</u>	<u>05.01</u>	<u>10.00</u>	<u>.45</u>
	<u>3</u>	<u>10.01</u>	<u>15.00</u>	<u>.50</u>
22	<u>4</u>	<u>15.01</u>	<u>20.00</u>	<u>.55</u>
	<u>5</u>	<u>20.01</u>	<u>25.00</u>	<u>.60</u>
24	<u>6</u>	<u>25.01</u>	<u>30.00</u>	<u>.65</u>
	<u>7</u>	<u>30.01</u>	<u>35.00</u>	<u>.70</u>
26	<u>8</u>	<u>35.01</u>	<u>40.00</u>	<u>.75</u>
	<u>9</u>	<u>40.01</u>	<u>45.00</u>	<u>.80</u>
28	<u>10</u>	<u>45.01</u>	<u>50.00</u>	<u>.85</u>
	<u>11</u>	<u>50.01</u>	<u>55.00</u>	<u>.90</u>
30	<u>12</u>	<u>55.01</u>	<u>60.00</u>	<u>.95</u>
	<u>13</u>	<u>60.01</u>	<u>65.00</u>	<u>1.05</u>
32	<u>14</u>	<u>65.01</u>	<u>70.00</u>	<u>1.15</u>
	<u>15</u>	<u>70.01</u>	<u>75.00</u>	<u>1.25</u>
34	<u>16</u>	<u>75.01</u>	<u>80.00</u>	<u>1.35</u>
	<u>17</u>	<u>80.01</u>	<u>85.00</u>	<u>1.50</u>
36	<u>18</u>	<u>85.01</u>	<u>90.00</u>	<u>1.65</u>
	<u>19</u>	<u>90.01</u>	<u>95.00</u>	<u>1.85</u>
38	<u>20</u>	<u>95.01</u>	<u>100.00</u>	<u>2.10</u>

40 (3) The commissioner shall compute a reserve multiple
 42 to determine the schedule and planned yield in effect
 44 for a rate year. The reserve multiple is determined by
 46 dividing the fund reserve ratio by the average benefit
 48 cost rate. The determination date is October 31st of
each calendar year. The schedule and planned yield
that apply for the 12-month period commencing every
January 1st are shown on the line of the following
table that corresponds with the applicable reserve
multiple in column A except that Schedule A must be in

effect for 12-month periods commencing on or after January 1, 1999.

	A	B	C
	<u>Reserve</u>	<u>Schedule</u>	<u>Planned</u>
	<u>Multiple</u>		<u>Yield</u>
	1.50 and Over	A	0.8%
	1.25 - 1.49	B	1.0%
	1.00 - 1.24	C	1.2%
	.75 - .99	D	1.4%
	.50 - .74	E	1.6%
	Under .50	F	1.8%

(4) The commissioner shall compute the predetermined yield by multiplying the ratio of total wages to taxable wages for the 12-month period ending the preceding June 30th by the planned yield. A ratio of 3.15 must be used to compute the predetermined yield for rate years commencing on or after January 1, 1999.

(5) The commissioner shall determine the contribution rates effective for a rate year by multiplying the predetermined yield by the experience factors for each contribution category. Contribution category 20 in the table in subparagraph (2) must be assigned a contribution rate of at least 5.4%. The employer's experience factor is the percent shown in column C in the table in subparagraph (2) that corresponds with the employer's contribution category in column A.'

Further amend the bill by striking out all of sections 16 to 18.

Further amend the bill by inserting after section 18 the following:

Sec. 19. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act.

1998-99

**AGRICULTURE, FOOD AND RURAL RESOURCES,
DEPARTMENT OF**

Departmentwide

Personal Services	\$6,059
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Provides funds for additional unemployment compensation costs. Notwithstanding the Maine Revised Statutes, Title 5, section 1585, the State Budget Officer is authorized to transfer funds within the department to General Fund accounts as required to provide funding for these unemployment compensation costs.

Sec. 20. Allocation. The following funds are allocated from Other Special Revenue to carry out the purposes of this Act.

1998-99

BAXTER STATE PARK AUTHORITY

Baxter State Park Authority

Personal Services \$6,455

Provides funds for additional unemployment compensation costs.

Further amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

Further amend the bill by inserting at the end before the summary the following:

FISCAL NOTE

1998-99

APPROPRIATIONS/ALLOCATIONS

General Fund \$6,059
Other Funds 6,455

Changes in this bill will have the net effect of increasing the reserves in the Unemployment Compensation Trust Fund, administered by the Department of Labor. Projected unemployment trends have been factored by the Commission to Study the Unemployment Compensation System into current statutory provisions, which in turn determine the amounts of unemployment benefits paid by the fund and the revenues collected by the fund. Based on this analysis, it is likely that the fund will have a deficit of approximately \$188,300,000 by calender year

2005. The overall effect of the changes in this bill will result in a fund balance of \$143,900,000 by the end of calendar year 1999. This amount represents a projected increase of approximately \$34,800,000.

For calendar year 1998, the effect of extending the existing reduction of maximum benefit amounts by 6% will result in a savings of \$700,000 in benefits paid from the fund. In calendar year 1999, the effect of calculating the maximum weekly benefit amount at 50.5% of the state average weekly wage and calculating the weekly benefit amount at 1/22 of the average of the 2 high quarters results in a savings of \$6,100,000 in benefits paid from the fund.

This bill also includes a number of changes that will increase revenues collected for the fund. In calendar year 1999, the total effect of increasing the taxable wage base from \$7,000 to \$12,000 and replacing the current experience rating system for employers with an array contribution system will result in an increase of \$27,300,000 in unemployment compensation taxes raised for the fund.

The Department of Agriculture, Food and Rural Resources will require an additional General Fund appropriation of \$6,059 in fiscal year 1998-99 for increased unemployment compensation costs. The estimated General Fund appropriations required to fund the full-year costs total approximately \$9,180 in fiscal year 1999-2000. In addition, the department may need additional Federal Expenditure Fund, Other Special Revenue and Enterprise Fund allocations in fiscal year 1998-99 for increased unemployment compensation costs. The amounts can not be determined at this time.

The Baxter State Park Authority will require an additional Other Special Revenue allocation of \$6,455 in fiscal year 1998-99 for increased unemployment compensation costs. The estimated Other Special Revenue allocations required to fund the full-year costs total approximately \$9,780 annually beginning in fiscal year 1999-2000. The agency has adequate resources to cover this additional expense.

Based on information developed by the Division of Labor Market Information Services within the Department of Labor, the changes in this bill that pertain to the unemployment taxes collected for the fund from employers will result in a net increase in costs for 200 municipalities and local units of government. The total additional costs are estimated to be \$155,960 for calendar year 1999.

2 The Atlantic Salmon Authority and the Maine Sardine Council
will incur some minor additional costs to cover additional
4 unemployment compensation taxes. These costs can be absorbed
within the agencies' existing budgeted resources.'

6
8 **SUMMARY**

10 This amendment is the majority report of the Joint Standing
Committee on Labor. It strikes the provisions in the bill
12 regarding cigarette tax relief money, data collection and
reporting, seasonality, eligibility for benefits when seeking
14 part-time work, an employee tax and minimum reserves in the
Unemployment Compensation Fund.

16 The amendment also does the following.

18 1. It states that benefit amounts are equal to 1/22 of the
average of the claimant's wages in the 2 quarters of the base
20 period in which the claimant earned the highest wages. Current
law requires benefits equal to 1/22 of the wages paid to the
22 claimant in the single highest quarter of the base period.

24 2. It caps maximum benefit amounts at 50.5% of the annual
average weekly wage, rather than the current 52%.

26 3. It extends the 6% reduction in maximum benefit amounts
28 through December 31, 1998. The reduction currently sunsets on
September 26, 1998.

30 4. It creates an "array contribution" experience rating
32 system that generates the same amount of unemployment tax revenue
that will be generated in 1998, approximately \$111,000,000. Tax
34 revenue may not be increased until the Legislature takes
affirmative action to do so. Additionally, the tax rates in the
36 amended array system will be adjusted so that changes in
individual employers' tax rates will not be as dramatic as some
38 are under the array system in the bill.

40 The amendment makes structural changes to the unemployment
program, which will improve the State's ability to address
42 solvency issues in the future. However, tax revenues and benefit
cuts will be approximately the same under the amendment as under
44 current law, which imposes a 0.4% surtax, Schedule P tax rates, a
6% reduction in maximum benefits and a \$3 reduction in all
46 benefits. Those 4 temporary solvency adjustments will conclude
at the end of 1998.

48 The amendment also adds an appropriation, an allocation
50 section and a fiscal note to the bill.