

MAINE STATE LEGISLATURE

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118th MAINE LEGISLATURE

SECOND REGULAR SESSION-1998

Legislative Document

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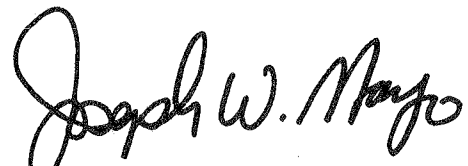
H.P. 1604

House of Representatives, February 25, 1998

**An Act to Implement the Majority Report Recommendations of the
Commission to Study the Unemployment Compensation System.**

Reported by Speaker MITCHELL for the Commission to Study the Unemployment
Compensation System pursuant to Resolve 1997, chapter 65.

Reference to the Joint Standing Committee on Labor suggested and printing ordered under
Joint Rule 218.


JOSEPH W. MAYO, Clerk

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

2
3 **Sec. 1. 22 MRSA §1546, sub-§3, ¶A**, as enacted by PL 1997, c.
4 560, Pt. A, §1 and affected by §5, is amended to read:

6 A. The State Controller shall transfer to the department
7 for the Tobacco Prevention and Control Program established
8 in section 272 funds sufficient for all allocations from the
9 fund; and

10 **Sec. 2. 22 MRSA §1546, sub-§3, ¶A-1** is enacted to read:

11 A-1. The State Controller shall transfer to the
12 Unemployment Compensation Fund, established in Title 26,
13 section 1141, \$10,000,000 per year for the 5 years beginning
14 in 1999 and ending in 2003; and

15 **Sec. 3. 26 MRSA §1043, sub-§19, ¶A**, as amended by PL 1983, c.
16 13, §2, is further amended to read:

17 A. For purposes of section 1221, the term "wages" shall
18 ~~does not include that--part--of~~ remuneration which--after
19 ~~remuneration--equal--to that exceeds the first \$3,000 through~~
20 ~~December 31, 1971; \$4,200 through December 31, 1977;~~
21 ~~\$6,000 through December 31, 1982; \$7,000 through December~~
22 ~~31, 1998; and on and after January 1, 1982,--that--part--of~~
23 ~~remuneration--equal--to--\$7,000--has--been 1999, \$12,000 that is~~
24 paid in a calendar year to an individual by an employer or
25 his the employer's predecessor with--respect--to for
26 employment during any calendar year, is--paid--to--the
27 individual--by--the--employer--during--that--calendar--year, unless
28 that part--of--the remuneration is subject to a tax under a
29 federal law imposing a tax against which credit may be taken
30 for contributions required to be paid into a state
31 unemployment fund. The wages of an individual for employment
32 with an employer shall--be are subject to this exception
33 whether earned in this State or any other state when the
34 employer--employee relationship is between the same legal
35 entities;

36 **Sec. 4. 26 MRSA §1082, sub-§§15 and 16** are enacted to read:

37 15. Data collection. The Director of Unemployment
38 Compensation or a duly authorized representative of the
39 commissioner shall collect the following data regarding claimants
40 who seek part-time work, claimants who have child care problems
41 and claimants who have transportation problems:

42 A. The claimant's gender;

2 B. The weekly benefit amount on the claim;

4 C. The claimant's qualifying wages; and

6 D. The industry in which the claimant works.

8 16. Review of certain changes to employment security laws.

10 The Director of Unemployment Compensation or a duly authorized
12 representative of the commissioner shall evaluate the changes
14 made to the Employment Security Law during the Second Regular
16 Session of the 118th Legislature and shall submit a report to the
18 joint standing committee of the Legislature having jurisdiction
 over labor matters no later than January 31, 2003. The Director
 of Unemployment Compensation or the duly authorized
 representative of the commissioner may enlist the help of the
 state advisory council established in subsection 5. The report
 must include an evaluation of and any recommended changes
 regarding the following specific issues:

20 A. The solvency of the Unemployment Compensation Fund;

22 B. The taxable wage base in section 1043, subsection 19,
24 paragraph A;

26 C. The reduction in maximum weekly benefits found in
 section 1191, subsection 2;

28 D. A claimant's ability to collect benefits while seeking
30 part-time work, as specified in section 1192, subsection 3,
 paragraph B;

32 E. The employee tax imposed by subchapter X;

34 F. The experience rating system specified in section 1221,
36 subsection 4-A; and

38 G. The data collected pursuant to subsection 15.

40 This subsection is repealed January 31, 2003.

42 Sec. 5. 26 MRSA §1191, sub-§2, as amended by PL 1997, c. 380,
 §1, is further amended to read:

44 2. Weekly benefit amount for total unemployment. Each
46 eligible individual establishing a benefit year on or after
48 October 1, 1983 who is totally unemployed in any week must be
50 paid with respect to that week benefits equal to 1/22 of the
 wages, rounded to the nearest lower full dollar amount, paid to
 that individual in the high quarter of the base period, but not
 less than \$12. The maximum weekly benefit amount for claimants

2 requesting insured status determination beginning October 1, 1983
and thereafter from June 1st of a calendar year to May 31st of
4 the next calendar year may not exceed 52% of the annual average
weekly wage, rounded to the nearest lower full dollar amount,
6 paid in the calendar year preceding June 1st of that calendar
year. No increase in the maximum weekly benefit amount may occur
8 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
10 28, 1997 to ~~September 26, 1998~~ December 27, 2003, the maximum
weekly benefit amount is limited to 94% of the amount calculated
12 previously in this subsection, rounded to the nearest lower full
dollar amount. For claimants requesting insured status
14 determination on or after April 1, 1993 and before January 1,
1995, the weekly benefit amount must be the amount determined by
16 this subsection minus \$6. For claimants requesting insured
status determination on or after April 1, 1995 and before January
18 1, 1999, the weekly benefit amount must be the amount determined
by this subsection minus \$3.

20 **Sec. 6. 26 MRSA §1192, sub-§1, as amended by PL 1975, c. 344,**
§1, is further amended to read:

22
24 1. **Has claim for benefits.** ~~He~~ The individual has made a
claim for benefits ~~with respect to such~~ for all or part of the
26 ~~week or part thereof~~ in accordance with such any regulations as
the commission may prescribe;

28 **Sec. 7. 26 MRSA §1192, sub-§2, as repealed and replaced by PL**
1975, c. 25, is amended to read:

30
32 2. **Has registered for work.** ~~He~~ The individual has
registered for work at, and thereafter continued to report at, an
34 employment office in accordance with such any regulations as the
commission may prescribe, except that the commission may, by
36 regulation, waive or alter either or both of the requirements of
this subsection ~~as to~~ for individuals attached to regular jobs
and ~~as to such~~ in other types of cases or situations with respect
38 to which it finds that compliance with such the requirements
would be oppressive, or would be inconsistent with the purposes
40 of this chapter. ~~No such~~ A regulation shall may not conflict with
section 1191, subsection 1;

42
44 **Sec. 8. 26 MRSA §1192, sub-§3, as repealed and replaced by PL**
1983, c. 816, Pt. A, §22, is amended to read:

46 3. **Is able and available for work.** ~~He~~ The individual is
able to work and is available for full-time work at ~~his~~ the
48 individual's usual or customary trade, occupation, profession or
business or in ~~such other~~ another trade, occupation, profession
50 or business for which ~~his~~ the individual's prior training or

2 experience shows him the individual to be fitted or qualified;
and in addition to having complied with subsection 2, is himself
4 actively seeking work in accordance with the regulations of the
commission; ~~provided that no ineligibility may be found solely~~
6 ~~because the claimant is unable to accept employment on a shift,~~
~~the greater part of which falls between the hours of midnight to~~
8 ~~5 a.m., and is unavailable for that employment because of~~
parental obligation, ~~the need to care for an immediate family~~
10 ~~member, or the unavailability of a personal care attendant~~
12 ~~required to assist the unemployed individual who is a handicapped~~
14 ~~person; and provided that an .~~ An unemployed individual who is
neither able nor available for work due to good cause as
determined by the deputy shall is eligible to receive prorated
benefits for that portion of the week during which he the
16 individual was able and available. An individual may not be
denied benefits under this subsection if:

18 A. The individual is unable to accept employment on a
19 shift, the greater part of which falls between the hours of
20 midnight and 5 a.m., because of parental obligation, the
21 need to care for an immediate family member or the
22 unavailability of a personal care attendant required to
23 assist the unemployed individual who is a handicapped
24 person; or

26 B. From January 1, 1999 through December 31, 2003, the
27 individual is able and available for part-time work and is
28 willing to work a sufficient number of hours during the week
29 to earn wages at least equal to the individual's weekly
30 benefit amount plus \$5;

32 Sec. 9. 26 MRSA §1192, sub-§4-A, as enacted by PL 1981, c.
33 220, is amended to read:

34 4-A. Has served a waiting period. For each eligible
35 individual establishing a benefit year on or after May 10, 1981,
36 he the individual has served a waiting period of one week of
37 total or partial unemployment. No week may be counted as a week
38 of total or partial unemployment for the purpose of this
39 subsection:

42 A. If benefits have been paid with respect to for that week;

44 B. Unless it occurs within the benefit year which that
45 includes the week with respect to for which he the
46 individual claims payment of benefits; and

48 C. Unless the individual was eligible for benefits with
49 respect to for that week, as provided in this section and
50 section 1193, except for the requirements of this subsection;

2 **Sec. 10. 26 MRSA §1192, sub-§6-A**, as enacted by PL 1981, c.
3 548, §2, is amended to read:

4
5 **6-A. Prohibition against disqualification of individuals in**
6 **approved training under the United States Trade Act of 1974.**
7 Notwithstanding any other provisions of this chapter, no an
8 otherwise eligible individual may not be denied benefits for any
9 week because ~~he~~ the individual is in training approved under the
10 United States Trade Act of 1974, Section 236 (a) (1), nor may
11 that individual be denied benefits by reason of leaving work to
12 enter that training, provided the work left is not suitable
13 employment, or because of the application to any such week in
14 training of provisions in this chapter, or any applicable federal
15 unemployment compensation law, relating to availability for work,
16 active search for work or refusal to accept work. Benefits paid
17 to any eligible claimant while in such training for which, except
18 for this subsection, the claimant could be disqualified under
19 section 1193, subsection 1 or 3, ~~shall~~ may not be charged against
20 the experience rating record of any employer but ~~shall~~ must be
21 charged to the General Fund.

22
23 For purposes of this subsection, the term "suitable employment"
24 means with respect to an individual, work of a substantially
25 equal or higher skill level than the individual's past adversely
26 affected employment, as defined for purposes of the United States
27 Trade Act of 1974, and wages for such work at not less than 80%
28 of the individual's average weekly wage as determined for the
29 purposes of the United States Trade Act of 1974.

30
31 **Sec. 11. 26 MRSA §1192, sub-§8**, as enacted by PL 1971, c. 538,
32 §27, is amended to read:

33 **8. No denial or reduction of benefits.** Benefits ~~shall~~ may
34 not be denied or reduced to an individual solely because he the
35 individual files a claim in another state, or a contiguous
36 country with which the United States has an agreement with
37 respect to unemployment compensation, or because he the
38 individual resides in another state or contiguous country at the
39 time he the individual files a claim for benefits.

40
41 **Sec. 12. 26 MRSA §1192, sub-§9**, as enacted by PL 1975, c. 448,
42 is amended to read:

43
44 **9. No denial of benefits for jury service.** Benefits ~~shall~~
45 may not be denied to an individual solely because he the
46 individual is selected to serve as a juror. Individuals, who
47 receive actual earnings for jury service, ~~shall~~ must be paid a
48 partial benefit in an amount equal to ~~his~~ the individual's weekly
49 benefit amount less ~~that~~ the amount earned for jury service.

2 **Sec. 13. 26 MRSA §1195, sub-§1, ¶A**, as amended by PL 1979, c.
3 515, §17, is further amended to read:

4
5 A. Exhaustee. "Exhaustee" means an individual who, with
6 respect to any week of unemployment in his the eligibility
7 period:

8 (1) Has received, prior to such week, all of the
9 regular benefits that were available ~~to him~~ under this
10 chapter or any other state law, including dependents'
11 allowances and benefits payable to federal civilian
12 employees and ex-servicemen under 5 U.S.C. Chapter 85,
13 in his the current benefit year that includes such
14 week; provided that for the purposes of this paragraph,
15 an individual ~~shall be~~ is deemed to have received all
16 of the regular benefits ~~that were available to him~~
17 although as a result of a pending appeal with respect
18 to wages or employment, or both, that were not
19 considered in the original monetary determination in
20 his the benefit year, he the individual may
21 subsequently be determined to be entitled to added
22 regular benefits, or ~~he may be entitled~~ to regular
23 benefits with respect to future weeks of unemployment,
24 ~~but such benefits are not payable with respect to such~~
25 ~~week of unemployment by reason of section 1251;~~

26
27 (2) His The benefit year having expired prior to such
28 week, has no or insufficient wages or employment, or
29 both, to establish a new benefit year or, subsequent to
30 December 31, 1971, he does not qualify by having
31 sufficient wages or employment, or both, as provided by
32 section 1192, subsection 5, since the beginning of his
33 the prior benefit year; and

34
35 (3) Has no right to unemployment benefits or
36 allowances, as the case may be, under the Railroad
37 Unemployment Insurance Act, or under such other federal
38 laws as are specified in regulations issued by the
39 United States Secretary of Labor; and has not received
40 and is not seeking unemployment benefits under the
41 unemployment compensation law of Canada; but if he the
42 individual is seeking such benefits and the appropriate
43 agency finally determines that he the individual is not
44 entitled to benefits under such law he the individual
45 ~~shall be~~ is considered an exhaustee if the other
46 provisions of this definition are met.

47
48 **Sec. 14. 26 MRSA §1221, sub-§4-A** is enacted to read:
49
50

2 4-A. Employer's experience classifications after January 1,
3 1999. On and after January 1, 1999, the commissioner shall
4 compute annually contribution rates for each employer based on
5 the employer's own experience rating record and shall designate a
6 schedule and planned yield.

7 A. The standard rate of contributions is 5.4%. A
8 contributing employer's rate may not be varied from the
9 standard rate, unless the employer's experience rating
10 record has been chargeable with benefits throughout the
11 24-consecutive-calendar-month period ending on the
12 computation date applicable to such a year. A contributing
13 employer newly subject to this chapter shall pay
14 contributions at a rate equal to the predetermined yield
15 until the employer's experience rating record has been
16 chargeable with benefits throughout the
17 24-consecutive-calendar-month period ending on the
18 computation date applicable to such a year. For rate years
19 thereafter, the employer's contribution rate is determined
20 in accordance with this subsection and subsection 3.

21 B. Subject to paragraph A, an employer's contribution rate
22 for the 12-month period commencing January 1st of each year
23 is based upon the employer's experience rating record and
24 determined from the employer's reserve ratio. The
25 employer's reserve ratio is the percent obtained by dividing
26 the amount, if any, by which the employer's contributions
27 credited from the time the employer first or most recently
28 became an employer, whichever date is later, and up to and
29 including June 30th of the preceding year, including any
30 part of the employer's contributions due for that year paid
31 on or before July 31st of that year, exceed the employer's
32 benefits charged during the same period, by the employer's
33 average annual payroll for the 36-consecutive-month period
34 ending June 30th of the preceding year. The employer's
35 contribution rate is determined under subparagraphs (1) to
36 (7).

37 (1) The commissioner shall prepare a schedule listing
38 all employers for whom a reserve ratio has been
39 computed pursuant to this paragraph, in the order of
40 their reserve ratios, beginning with the highest
41 ratio. For each employer, the schedule must show:

42 (a) The amount of the employer's reserve ratio;

43 (b) The amount of the employer's annual taxable
44 payroll; and

2 (c) A cumulative total consisting of the amount
4 of the employer's annual taxable payroll plus the
 amount of the annual taxable payrolls of all other
 employers preceding the employer on the list.

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

	A	B		C
	Contribution	% of Taxable Payrolls		Experience
	Category	From	To	Factors
26	1	00.00	05.00	.30
	2	05.01	10.00	.35
28	3	10.01	15.00	.40
	4	15.01	20.00	.45
30	5	20.01	25.00	.50
	6	25.01	30.00	.55
32	7	30.01	35.00	.60
	8	35.01	40.00	.65
34	9	40.01	45.00	.70
	10	45.01	50.00	.75
36	11	50.01	55.00	.85
	12	55.01	60.00	.95
38	13	60.01	65.00	1.05
	14	65.01	70.00	1.20
40	15	70.01	75.00	1.35
	16	75.01	80.00	1.50
42	17	80.01	85.00	1.65
	18	85.01	90.00	1.85
44	19	90.01	95.00	2.05
	20	95.01	100.00	2.30

46 (3) The commissioner shall compute a reserve multiple
48 to determine the schedule and planned yield in effect
50 for a rate year. The reserve multiple is determined by
 dividing the fund reserve ratio by the average benefit

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 the 12-month period commencing January 1, 1999 and Schedule B must be in effect for the 12-month period commencing January 1, 2000.

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

(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.

(5) The commissioner shall determine the contribution rates effective for a rate year by multiplying the planned 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.

(6) If, subsequent to the assignment of contribution rates for a rate year, the reserve ratio of an employer is recomputed and changed, the employer must be placed in the position on the schedule prepared pursuant to subparagraph (1) that the employer would have occupied had the corrected reserve ratio been shown on the schedule. The altered position on the schedule does not affect the position of any other employer.

(7) In computing the contribution rates, only the wages reported by employers liable for payment of contributions into the fund and net benefits paid that are charged to an employer's experience rating record or to the fund are considered in the computation of the

2 average benefit cost rate and the ratio of total wages
3 to taxable wages.

4 C. The commissioner shall:

6 (1) Promptly notify each employer of the employer's
7 rate of contributions as determined for the 12-month
8 period commencing January 1st of each year. The
9 determination is conclusive and binding upon the
10 employer unless within 30 days after notice of the
11 determination is mailed to the employer's last known
12 address or, in the absence of mailing, within 30 days
13 after the delivery of the notice, the employer files an
14 application for review and redetermination, setting
15 forth the employer's reasons. If the commission grants
16 the review, the employer must be promptly notified and
17 must be granted an opportunity for a hearing. An
18 employer does not have standing in any proceedings
19 involving the employer's rate of contributions or
20 contribution liability to contest the chargeability to
21 the employer's experience rating record of any benefits
22 paid in accordance with a determination,
23 redetermination or decision pursuant to section 1194,
24 except upon the ground that the services for which
25 benefits were found to be chargeable did not constitute
26 services performed in employment for the employer and
27 only when the employer was not a party to the
28 determination, redetermination or decision or to any
29 other proceedings under this chapter in which the
30 character of the services was determined. The employer
31 must be promptly notified of the commission's denial of
32 the employer's application or the commission's
33 redetermination, both of which are subject to appeal
34 pursuant to Title 5, chapter 375, subchapter VII; and

36 (2) Provide each employer at least monthly with a
37 notification of benefits paid and chargeable to the
38 employer's experience rating record. In the absence of
39 an application for redetermination filed in the manner
40 and within the period prescribed by the commission, a
41 notification is conclusive and binding upon the
42 employer for all purposes. A redetermination made
43 after notice and opportunity for hearing and the
44 commission's findings of fact may be introduced in
45 subsequent administrative or judicial proceedings
46 involving the determination of the rate of
47 contributions of an employer for the 12-month period
48 commencing January 1st of any year and is entitled to
49 the same finality as is provided in this section with
50 respect to the findings of fact made by the commission

2 in proceedings to redetermine the contribution rates of
3 an employer.

4 **Sec. 15. 26 MRSA §1221, sub-§6**, as amended by PL 1985, c. 348,
5 §11, is further amended to read:

6 **6. Definitions.** The following ~~words~~ terms, as used in this
7 section, shall have the following meanings, unless the context
8 ~~already-requires~~ otherwise indicates.

9 A. "Computation date" ~~shall--be~~ is June 30th of each
10 calendar year, and the reserve ratio of each employer
11 ~~entitled--to--this--section--shall--be~~ is determined by the
12 commissioner as of that date.

13 B. "Effective date" ~~shall--be~~ means the date on which the
14 new rates shall become effective and ~~shall--be~~ is January 1st
15 of each calendar year.

16 C. "Fund reserve ratio" means the percentage obtained by
17 dividing the net balance available for benefits payments as
18 of September 30th of each calendar year by the total wages
19 for the preceding calendar year.

20 D. "Cost rate" means the percentage obtained by dividing
21 net benefits paid for a calendar year by the total wages for
22 the same period.

23 E. ~~Net balance available for benefit payments.~~ "Net balance
24 available for benefit payments" means the sum of the balance
25 in the trust fund, the benefit fund, and the clearing
26 account after adjustment for outstanding checks, and
27 adjustment for funds in transit between either of said the
28 funds or said the account.

29 F. "Rate year" ~~shall--be~~ is the 12-month period commencing
30 January 1st of each year.

31 G. "Reserve multiple" is a measure of the fund reserve
32 which that expresses the current fund reserve ratio as a
33 multiple of the composite cost rate. The reserve multiple
34 shall must be rounded to 2 decimal places. For rate years
35 that begin on and after January 1, 1999, the "reserve
36 multiple" is a measure of the fund reserve that expresses
37 the current fund reserve ratio as a multiple of the average
38 benefit cost rate.

39 H. "Total wages" means the aggregate total wages paid in
40 Maine for a calendar year in covered employment by

2 contributing employers, as reported on employer contribution
reports.

4 I. "Composite Cost--Rate cost rate" means the arithmetic
6 average of the annual cost rates for the last 15 completed
calendar years multiplied by a factor of 1.95; either the
8 resulting composite rate ~~shall-apply~~ applies for the reserve
multiple calculation or the rate of 2.20, whichever is
10 greater; but in no case will ~~may~~ a composite cost rate
higher than 2.83 apply.

12 J. "Average benefit cost rate" means the percentage
14 obtained by averaging the 3 highest cost rates for the last
20 completed calendar years preceding the computation date.
The rate is rounded down to the nearest 0.1%.

16 K. "Planned yield" is the percentage of total wages
18 determined by the reserve multiple for the rate year in
accordance with the table in subsection 4-A, paragraph B,
20 subparagraph (3).

22 L. "Ratio of total wages to taxable wages" is the factor
24 obtained by dividing total wages for the 12-month period
ending June 30th by taxable wages for the same period.

26 M. "Predetermined yield" is determined by multiplying the
28 ratio of total wages to taxable wages by the planned yield.
The predetermined yield is rounded up to the nearest 0.01%
30 and is the calculated average contribution rate for the rate
year.

32 N. "Experience factors" means the weights in subsection
34 4-A, paragraph B, subparagraph (2) assigned to the
contribution categories and used to calculate the
contribution rates.

36 O. "Contributions credited" means the contributions
38 credited to the experience rating record of an employer as
provided in subsection 3, including all contributions due
40 and paid on or before July 31st following the computation
date.

42 P. "Benefits charged" means the benefits paid and charged
44 against the experience rating record of an employer as
provided in subsection 3, including all benefits paid and
46 charged on or before the computation date.

48 **Sec. 16. 26 MRSA §1251**, as amended by PL 1997, c. 293, §9, is
50 repealed.

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Sec. 17. 26 MRSA c. 13, sub-c. X is enacted to read:

SUBCHAPTER X

EMPLOYEE CONTRIBUTIONS

§1271. Definitions

As used in this subchapter, unless the context otherwise indicates, the following terms have the following meanings.

1. **Employer.** "Employer" means an employer subject to this chapter, as defined in section 1043, subsection 9, except an employer who has elected to make reimbursement payments in lieu of contributions under section 1221.

2. **Employee.** "Employee" means an individual employed by an employer.

3. **Fund.** "Fund" means the fund established in section 1141.

§1272. Employee contributions

1. **Contribution rate.** Beginning January 1, 1999 and continuing through December 31, 2003, an employee shall contribute to the fund an amount equal to 0.2% of the first \$12,000 of the employee's wages in each calendar year.

2. **Calculating fractions.** When calculating the amount contributed by an employee to the fund, a fraction of a cent must be disregarded unless it amounts to 1/2 cent or more, in which case it must be increased to 1¢.

§1273. Employer collects contributions

1. **Deduction.** Employee contributions to the fund must be deducted from the employee's wages by the employer at the time the wages are paid.

2. **Trust.** The employer shall hold deductions in trust for the bureau until the employee contributions to the fund become due in accordance with regulations the commissioner may prescribe. The deducted funds are not subject to garnishment or attachment and in the event of lien, judgment or bankruptcy are not considered assets of the employer.

3. **Liability.** An employer who fails to deduct contributions to the fund from the wages of employees is liable to the commissioner for the payment of the required contributions.

2 4. Misappropriation. An employer who converts to personal
3 use or misappropriates contributions to the fund held in trust is
4 guilty of a Class E crime.

5 5. Records. An employer shall maintain a record of the
6 amount deducted for the fund from the wages of each employee and
7 shall furnish a statement of the deductions to each employee at
8 the times and in the manner the commissioner adopts by regulation.

10 **Sec. 18. Fund balance.** It is the intent of the Legislature to
11 avoid insolvency and its detrimental financial consequences for
12 both employers and employees. It is, therefore, the intent of
13 the Legislature that the balance in the Unemployment Compensation
14 Fund, established in the Maine Revised Statutes, Title 26,
15 section 1141, at any given time be great enough to pay 12 months
16 of benefits at rates determined by the average of the 3 most
17 expensive benefit years in the previous 20 years.

20 SUMMARY

22 This bill implements the majority report recommendations of
23 the Commission to Study the Unemployment Compensation System.

24 1. It dedicates to the Unemployment Compensation Fund
25 \$10,000,000 in cigarette tax relief money per year for the 5
26 years beginning in 1999 and ending in 2003.

28 2. It raises the taxable wage base from \$7,000 to \$12,000.

30 3. It requires the Department of Labor to collect data on
31 claimants who seek part-time work, claimants who have child care
32 problems and claimants who have transportation problems.

34 4. It requires the Department of Labor to report on the
35 changes implemented by this bill to the joint standing committee
36 of the Legislature having jurisdiction over labor matters by
37 January 31, 2003.

40 5. It states the Legislature's intent to maintain a certain
41 level of reserves in the Unemployment Compensation Fund.

42 6. It extends the 6% reduction in maximum weekly benefits
43 until December 27, 2003.

44 7. It prohibits a claimant from being denied benefits for
45 seeking part-time work if that claimant is willing to work at
46 least enough hours to earn the claimant's weekly benefit amount
47 plus \$5.

50

8. It eliminates the seasonality provision.

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9. It imposes, from January 1, 1999 through December 31, 2003, an employee tax of 0.2% per year on the first \$12,000 of wages.

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10. It replaces the existing experience rating system for employers with an "array contribution" system.

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