

MAINE STATE LEGISLATURE

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M.
R. of S.

L.D. 1970

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4
DATE: 5-26-99

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8 the House.

10 **STATE OF MAINE**
12 **HOUSE OF REPRESENTATIVES**
14 **119TH LEGISLATURE**
16 **FIRST REGULAR SESSION**

18 HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P.
20 1372, L.D. 1970, Bill, "An Act to Address the Solvency of the
22 Unemployment Compensation Fund"

24 Amend the amendment on page 3 after section 8 by striking
26 out all of the 2nd indented paragraph and subparagraph (3) (page
3, lines 37 to 41 in amendment) and inserting in its place the
following:

'Further amend the bill in section 9 in subsection 4-A in
paragraph B by striking out all of subparagraph (3) and inserting
in its place the following:

28 '(3) The commissioner shall compute a reserve multiple
30 on October 31st of each calendar year. The reserve
32 multiple is determined by dividing the fund reserve
34 ratio by the average benefit cost rate. For rate years
36 beginning on or after January 1, 2000, the commissioner
38 shall set a planned yield no greater than 1.10%. If
40 the reserve multiple equals or exceeds 1.0, the
42 commissioner shall set the planned yield so that the
reserve multiple projected to be computed the following
October 31st equals 1.0. In determining the planned
yield needed to achieve a reserve multiple of 1.0, the
commissioner shall use a tax-rated insured unemployment
rate no greater than 110% of the tax-rated insured
unemployment rate for the prior calendar year to
estimate benefit costs.'

44 Further amend the bill in section 10 in subsection 6 by
46 inserting after paragraph P the following:

R. of S.

HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 1372,
L.D. 1970

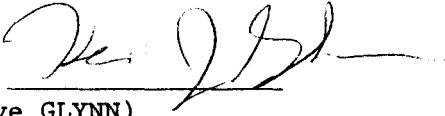
2 'Q. "Tax-rated insured unemployment rate" means the
3 percentage obtained by dividing a calendar year's average
4 weekly continued claims by the average monthly covered
5 employment for the same calendar year. Employment and
6 continued claims attributable to direct reimbursing
7 employers are excluded from this calculation.' '

8
9
10 **FISCAL NOTE**

11 Capping the contribution rate at 1.1% of total wages will
12 reduce contributions to the Unemployment Compensation Trust Fund
13 by amounts that can not be determined at this time and negatively
14 impact the solvency of the fund by preventing the build up of the
15 fund to provide for periods of high unemployment.
16

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18 **SUMMARY**

19 This amendment provides a formula for computing the reserve
20 multiple. It also provides that for rate years beginning on or
21 after January 1, 2000, the Commissioner of Labor shall set a
22 planned yield not greater than 1.10%.
23

24
25
26 SPONSORED BY: 
27 (Representative GLYNN)

28
29 TOWN: South Portland
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