

MAINE STATE LEGISLATURE

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STATE OF MAINE
SENATE
119TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "B" to S.P. 1019, L.D. 2588, Bill, "An Act to Establish a Method of Determining Employer Contributions to the Unemployment Compensation Trust Fund"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

Sec. 1. 26 MRSA §1190 is enacted to read:

§1190. Study of benefit changes

1. Referral for review and evaluation. Whenever a legislative measure containing an unemployment compensation benefit change is proposed, the joint standing committee of the Legislature having jurisdiction over the proposal shall hold a public hearing and determine the level of support for the proposal among the members of the committee. If there is support for the proposed change among a majority of the members of the committee, the committee may refer the proposal to the bureau for review and evaluation pursuant to subsection 2. Once a review and evaluation has been completed, the committee shall review the findings of the bureau. A proposed benefit change may not be enacted into law unless review and evaluation pursuant to subsection 2 has been completed. For purposes of this section, a "benefit change" means any change in law that will cause a change in the number of people eligible as well as any increase or decrease in the dollar amount, maximum amount or duration of benefits payable.

2. Content of review. Upon referral of a benefit change proposal to the bureau from the joint standing committee of the

COMMITTEE AMENDMENT

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Legislature having jurisdiction over the proposal, the bureau shall report to the committee in a timely manner. The report must include, at a minimum and to the extent information is available, the following:

A. Total change in cost to the unemployment compensation system;

B. Future impact on the planned yield adjustment;

C. Analysis of whether any proposed benefit increase is providing assistance in circumstances under which assistance would otherwise be provided through other social assistance programs; and

D. Any other information that the bureau considers appropriate to assist the Legislature in deciding on the proposed benefit change.

Sec. 2. 26 MRSA §1221, sub-§4-A, ¶B, as enacted by PL 1999, c. 464, §9, is amended by repealing and replacing subparagraph (3) to read:

(3) The commissioner shall compute a reserve multiple to determine the schedule and planned yield in effect 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 a planned yield of 1.1% must be in effect for the 12-month period commencing January 1, 2000.

A	B	C
Reserve Multiple	Schedule	Planned Yield
2.00 and Over	A	0.6%
1.75 - 1.99	B	0.7%
1.50 - 1.74	C	0.8%
1.25 - 1.49	D	0.9%
1.00 - 1.24	E	1.0%
.75 - .99	F	1.1%
.50 - .74	G	1.2%
Under .50	H	1.3%

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

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FISCAL NOTE

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8 The Bureau of Unemployment Compensation within the
Department of Labor will incur some minor additional costs to
10 review and evaluate benefit change proposals and submit the
required report. These costs can be absorbed within the
department's existing budgeted resources.

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14 A change in the planned yield from 1.1% to 0.9% may result
in a decrease in unemployment compensation contributions to the
Unemployment Compensation Trust Fund beginning in calendar year
16 2000-01. The exact amount can not be determined at this time.
The Department of Labor has estimated this amount to be
18 approximately \$10.6 million for fiscal year 2000-01.'

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SUMMARY

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24 This amendment replaces the bill. It removes the language
in the bill requiring that benefit increase legislation include
modifications to employer contributions to offset the increased
26 costs of the benefit increase. Instead, it requires the
Department of Labor to conduct a study of benefit change
28 proposals and to report to the Legislature before such a benefit
change is enacted. The process is similar to that required for
30 mandated health insurance benefits. It also limits the
Unemployment Compensation Trust Fund to 18 months of benefits and
32 provides for greater reductions in the planned yield if the fund
balance is above 18 months.

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This amendment also adds a fiscal note to the bill.