

MAINE STATE LEGISLATURE

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119th MAINE LEGISLATURE

SECOND REGULAR SESSION-2000

Legislative Document

No. 2588

S.P. 1019

In Senate, February 25, 2000

**An Act to Establish a Method of Determining Employer Contributions to
the Unemployment Compensation Trust Fund.**

Reported by Senator DOUGLASS of Androscoggin for the Joint Standing Committee on
Labor pursuant to Joint Order S.P. 1008.

Reference to the Committee on Labor suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

2
3 **Be it enacted by the People of the State of Maine as follows:**

4 **Sec. 1. 26 MRSA §1042** is repealed and the following enacted
5 in its place:

6 **§1042. Policy**

7
8 **1. Protection against unemployment.** Economic insecurity
9 due to unemployment is a serious menace to the health, morals and
10 welfare of the people of this State. Unemployment is therefore a
11 subject of general interest and concern that requires appropriate
12 action by the Legislature to prevent its spread and to lighten
13 the burden that may fall upon the unemployed worker, the family
14 of the unemployed worker and the entire community. The
15 achievement of social security requires protection against this
16 greatest hazard of our economic life. This objective can be
17 furthered by operating free public employment offices in
18 affiliation with a nationwide system of public employment
19 services; by devising appropriate methods for reducing the volume
20 of unemployment; and by the systematic accumulation of funds
21 during periods of employment from which benefits may be paid for
22 periods of unemployment, thus maintaining purchasing power,
23 promoting the use of the highest skills of unemployed workers and
24 limiting the serious social consequences of unemployment.

25
26 **2. Modification.** Any modification to this chapter that
27 results in a net increase in benefit costs either in current or
28 future years must include modifications to employer contributions
29 that will offset such increased costs.

30
31 **Sec. 2. 26 MRSA §1221, sub-§4-A, ¶B,** as enacted by PL 1999, c.
32 464, §9, is amended by repealing and replacing subparagraph (3)
33 to read:

34
35 (3) The commissioner shall compute a reserve multiple
36 to determine the schedule and planned yield in effect
37 for a rate year. The reserve multiple is determined by
38 dividing the fund reserve ratio by the average benefit
39 cost rate. The determination date is October 31st of
40 each calendar year. The schedule and planned yield
41 that apply for the 12-month period commencing every
42 January 1st are shown on the line of the following
43 table that corresponds with the applicable reserve
44 multiple in column A, except that a planned yield of
45 1.10% must be in effect for the 12-month period
46 commencing January 1, 2000.

	<u>A</u>		<u>B</u>		<u>C</u>
	<u>Reserve</u>		<u>Schedule</u>		<u>Planned</u>
	<u>Multiple</u>				<u>Yield</u>
2					
4					
	<u>2.00 and Over</u>		<u>A</u>		<u>0.8%</u>
6	<u>1.75 = 1.99</u>		<u>B</u>		<u>0.9%</u>
	<u>1.50 = 1.74</u>		<u>C</u>		<u>1.0%</u>
8	<u>.50 = 1.49</u>		<u>D</u>		<u>1.1%</u>
	<u>-.50 = .49</u>		<u>E</u>		<u>1.2%</u>
10	<u>Under -.50</u>		<u>F</u>		<u>1.3%</u>

SUMMARY

14
16 Public Law 1999, chapter 464 directed the Department of
18 Labor to report to the Second Regular Session of the One Hundred
20 Nineteenth Legislature a method for setting the planned yield for
22 the Unemployment Compensation Fund rates. This bill provides a
method of determining the total contributions needed to maintain
the solvency of the Unemployment Compensation Fund and prohibits
changes to the Employment Security Law that increases benefit
costs without modifying employer contributions to those costs.