

# MAINE STATE LEGISLATURE

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# 121st MAINE LEGISLATURE

## FIRST REGULAR SESSION-2003

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Legislative Document

No. 1476

H.P. 1081

House of Representatives, March 31, 2003

### **An Act To Improve Timeliness of Unemployment Trust Fund Deposits**

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Submitted by the Department of Labor pursuant to Joint Rule 204.  
Reference to the Committee on Labor suggested and ordered printed.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

Presented by Representative SMITH of Van Buren.  
Cosponsored by Senator: BLAIS of Kennebec.

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

2  
4       **Sec. 1. 26 MRSA §1161**, as amended by PL 1977, c. 675, §15, is further amended to read:

6       **§1161. Accounts and deposit**

8       The Treasurer of State shall ~~be~~ is the ex officio treasurer and custodian of the Unemployment Compensation Fund and shall administer ~~sueh~~ the fund in accordance with the directions of the commissioner. The Treasurer of State shall maintain within the fund ~~3~~ 4 separate accounts:

14       **1. Clearing account.** A clearing account for all money payable to the trust fund account that is not deposited into the combined unemployment insurance contributions and income tax withholding account;

18       **2. Trust fund account.** An unemployment trust fund account;  
20       and

22       **3. Benefit account.** A benefit account,; and

24       **4. Combined unemployment insurance contributions and income tax withholding account.** A clearing account for that portion of unemployment insurance contributions payable to the trust fund account from the combined money of unemployment insurance contributions and state income tax withholding payments.

30       All ~~moneys~~ money payable to the fund, upon receipt thereof by the commissioner, shall must be forwarded to the Treasurer of State, who shall immediately deposit ~~them~~ it in the clearing account or the combined unemployment insurance contributions and income tax withholding account. Refunds payable pursuant to section 1043, subsection 11, paragraph F, subparagraph (2) or section 1225 may be paid from the clearing account, the combined unemployment insurance contributions and income tax withholding account or the benefit account upon warrants prepared by the commissioner and signed by the State Controller. After clearance ~~thereef~~, all other ~~moneys~~ money in the clearing account shall or the combined unemployment insurance contributions and income tax withholding account must be immediately deposited with the Secretary of the Treasury of the United States of America to the credit of the account of this State in the Unemployment Trust Fund, established and maintained pursuant to ~~sectien~~ Section 904 of the Social Security Act, as amended, any provisions of law in this State relating to the deposit, administration, release or disbursement of ~~moneys~~ money in the possession or custody of this State to the contrary notwithstanding. The benefit account shall

2 must consist of all ~~moneys~~ money requisitioned from this state's  
State's account in the Unemployment Trust Fund.

4 Except as otherwise provided, ~~moneys~~ money in the clearing,  
6 combined unemployment insurance contributions and income tax  
withholding and benefit accounts may be deposited by the  
8 Treasurer of State, under the direction of the commissioner, in  
any bank or public depository in which general funds of the State  
10 may be deposited, but no public deposit insurance charge or  
premium shall may be paid out of the fund.

12 The Governor, ~~has been and~~ is hereby authorized to apply for  
advances to the account of, this State in the Unemployment Trust  
14 Fund in accordance with the provisions of Title XII of the Social  
Security Act, 42 U.S.C.A. ~~§~~ United States Code, Section 1321, as  
16 amended, or under any other Act of Congress extending such  
authority, in order to secure to this State and its citizens the  
18 advantages available under the provisions of Title XII of the  
Social Security Act.

## 22 SUMMARY

24 This bill would help to ensure the more timely deposit of  
unemployment insurance contributions into the Unemployment Trust  
26 Fund, as required by the Federal Deposit Standard. Currently the  
interagency cooperation that requires the combined payment for  
28 unemployment insurance contributions and income tax withholding  
is deposited into a combined unemployment insurance contributions  
30 and income tax withholding account, and the unemployment  
insurance contributions portion is subsequently deposited into  
32 the clearing account as is now required under the Maine Revised  
Statutes, Title 26, section 1161. The reconciliation and  
34 clearance process in 2 accounts is not efficient cash management  
and is an unnecessary duplication. It delays the timely deposit  
36 of contributions into the Unemployment Trust Fund, resulting in a  
loss of interest, and creates conditions that impede meeting the  
38 Federal Deposit Standard.