

MAINE STATE LEGISLATURE

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Date: 5/27/15

(Filing No. H-215)

Majority

LABOR, COMMERCE, RESEARCH AND ECONOMIC DEVELOPMENT

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
127TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 456, L.D. 675, Bill, "An Act To Protect Earned Pay"

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

'Sec. 1. 26 MRSA §1193, sub-§5, ¶A-1, as enacted by PL 2011, c. 645, §8, is amended to read:

A-1. Any vacation pay in an amount exceeding the equivalent of ~~4~~ 12 weeks' wages for that individual; or

Sec. 2. Appropriations and allocations. The following appropriations and allocations are made.

LABOR, DEPARTMENT OF

Employment Security Services 0245

Initiative: Allocates one-time funds to update the unemployment consortium system and revise current publications.

FEDERAL EXPENDITURES FUND	2015-16	2016-17
All Other	\$96,943	\$0
FEDERAL EXPENDITURES FUND TOTAL	<u>\$96,943</u>	<u>\$0</u>

SUMMARY

This amendment, which is the majority report of the Joint Standing Committee on Labor, Commerce, Research and Economic Development, retains the offset eliminated in the bill for unemployment compensation benefits for holiday pay and vacation pay as specified in current law, but limits the offset for vacation pay to vacation pay in excess of

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1 12 weeks instead of 4 weeks as under current law. The amendment also adds an
2 appropriations and allocations section.

3 **FISCAL NOTE REQUIRED**

4 (See attached)



127th MAINE LEGISLATURE

LD 675

LR 1302(02)

An Act To Protect Earned Pay

Fiscal Note for Bill as Amended by Committee Amendment 'A' (H-215)
Committee: Labor, Commerce, Research and Economic Development
Fiscal Note Required: Yes

Fiscal Note

Current biennium cost increase - Unemployment Compensation Trust Fund
Future biennium revenue increase - Unemployment Compensation Trust Fund
Current biennium cost increase - All Funds

	FY 2015-16	FY 2016-17	Projections FY 2017-18	Projections FY 2018-19
Appropriations/Allocations				
Federal Expenditures Fund	\$96,943	\$0	\$0	\$0

Fiscal Detail and Notes

Increasing the amount of vacation time that is exempt from being included as deductible income when calculating a claimant's unemployment compensation benefit amount from the equivalent of 4 weeks to the equivalent of 12 weeks will increase costs to the Unemployment Compensation Trust Fund beginning in fiscal year 2015-16 due to an increase in benefit payments. According to information provided by the Department of Labor, had this provision been in place in 2014, the estimated increase in benefit costs would have been between \$120,000 and \$200,000.

This expansion of benefits may potentially affect the contribution rate schedule in future biennia. The impact to all employers and the timing of the impact can not be determined at this time and will depend on the level of benefits paid, contributions received and the balance of the trust fund when the contribution schedule is calculated.

This bill may increase unemployment costs for executive branch departments and agencies that are in direct reimbursement status. Although the amount will depend on actual experience, the Department of Labor estimates that, had this provision been in place in 2014, the additional cost to the State would have been approximately \$5,858. An analysis of the State's unemployment benefit expenditures for fiscal year 2013-14 indicates that approximately 49.8% were from the General Fund, 21.1% were from Other Special Revenue Funds and 13.9% were from the Highway Fund.

This bill includes a one-time Federal Expenditures Fund allocation of \$96,943 in fiscal year 2015-16 to the Employment Security Services program within the Department of Labor for the costs associated with updating its unemployment consortium system and for revising its publications.