

MAINE STATE LEGISLATURE

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Date: 4/21/17 Majority (Filing No. H- 72)

LABOR, COMMERCE, RESEARCH AND ECONOMIC DEVELOPMENT

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
128TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 405, L.D. 563, Bill, "An Act To Protect Earned Pay"

Amend the bill by adding after section 1 the following:

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

LABOR, DEPARTMENT OF
Employment Security Services 0245

Initiative: Provides one-time funds to make changes to the unemployment benefit system to incorporate the elimination of both vacation and holiday pay offsets.

Table with 4 columns: GENERAL FUND, All Other, 2017-18, 2018-19. Values: \$829,563, \$0, \$829,563, \$0.

SUMMARY

This amendment provides funds to the Department of Labor for the costs associated with updating the employment benefit system to reflect the changes made in the bill. The amendment adds an appropriations and allocations section.

FISCAL NOTE REQUIRED

(See attached)

COMMITTEE AMENDMENT



128th MAINE LEGISLATURE

LD 563

LR 1791(02)

An Act To Protect Earned Pay

Fiscal Note for Bill as Amended by Committee Amendment *A (H-72)*
Committee: Labor, Commerce, Research and Economic Development
Fiscal Note Required: Yes

Fiscal Note

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

	FY 2017-18	FY 2018-19	Projections FY 2019-20	Projections FY 2020-21
Net Cost (Savings)				
General Fund	\$829,563	\$0	\$0	\$0
Appropriations/Allocations				
General Fund	\$829,563	\$0	\$0	\$0

Fiscal Detail and Notes

This bill includes a one-time General Fund appropriation of \$829,563 in fiscal year 2017-18 to the Employment Security Services program within the Department of Labor for the costs associated with updating the unemployment benefit system to reflect the elimination of both the vacation and holiday pay offsets.

Removing holiday pay and vacation pay in excess of 4 weeks' wages as deductible income when calculating a claimant's unemployment compensation benefit amount will increase costs to the Unemployment Compensation Trust Fund beginning in fiscal year 2017-18 due to an increase in benefit payments. An analysis performed by the Department of Labor's Center for Workforce Research and Information estimates the increase in benefit costs to be between 0.14% and 0.63% of total regular benefits, depending on the economic conditions at the time. If this provision had been in place in 2016, the estimated increase in benefit costs would have been between \$142,000 and \$636,000 based on total regular benefit costs of \$100,340,000. If this provision had been in place during the recession year of 2009, the estimated increase would have been between \$360,000 and \$1,600,000, based on total regular benefit costs of \$256,000,000.

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 will increase unemployment costs for executive branch departments and agencies that are in direct reimbursement status. The actual costs can not be determined. However, information provided by the Department of Labor indicates that, if this provision had been in place in 2016, the increased costs to the Executive Branch and the Judicial Branch would have been \$1,929 and \$400, respectively. The Legislative Branch would not have experienced an increase. These direct reimbursement costs would impact whatever fund the affected state employees are paid from.