

# MAINE STATE LEGISLATURE

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**Legislative Document**

**No. 881**

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(Transmitted from the Revisor of Statutes under Joint Order)

S. P. 433

In Senate, February 14, 1941.

Referred to Committee on Federal Relations. Sent down for concurrence and 650 copies ordered printed.

ROYDEN V. BROWN, Secretary.

Presented by Senator Chase of Washington.

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**STATE OF MAINE**

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IN THE YEAR OF OUR LORD NINETEEN HUNDRED  
FORTY-ONE

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**AN ACT Amending the Unemployment Compensation Law to Provide for  
Rates Based on Benefit Experience.**

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

**P. L., 1935, c. 192, § 7, amended.** Section 7 of chapter 192 of the public laws of 1935, as amended by section 5 of chapter 163 of the public laws of 1939, is hereby further amended to read as follows:

**'Sec. 7. Contributions. (a) Payment. (1)** On and after January 1, 1936, contributions shall accrue and become payable by each employer for each calendar year in which he is subject to this act, with respect to wages payable for employment (as defined in section 19 (g)) occurring during each calendar year. Such contributions shall become due and be paid by each employer to the commission for the fund in accordance with such regulations as the commission may prescribe, and shall not be deducted, in whole or in part, from the wages of individuals in his employ.

(2) In the payment of any contributions, a fractional part of a cent shall be disregarded unless it amounts to  $\frac{1}{2}$  cent or more, in which case it shall be increased to 1 cent.

(b) **Rate of contribution.** Each employer shall pay contributions equal to the following percentages of wages payable by him with respect to employment:

(1) Nine-tenths of 1% with respect to employment during the calendar year 1936;

(2) One and 8/10% with respect to employment during the calendar year 1937;

(3) Two and 7/10% with respect to employment during the calendar years 1938, ~~and during all years subsequent thereto 1939, 1940 and 1941.~~

(4) **With respect to employment after December 31, 1941 the percentage determined pursuant to subsection (d) of this section.**

(c) **Study of merit rating.**

(1) The commission shall maintain a separate account for each employer, and shall credit his account with all the contributions which he has paid on his own behalf. But nothing in this act shall be construed to grant any employer or individuals in his service prior claims or rights to the amounts paid by him into the fund either on his own behalf or on behalf of such individuals. Benefits paid to an eligible individual under the provisions of previously existing legislation shall be charged against the account of his most recent employers in his base period against whose accounts the maximum charges hereunder have not been previously made in the inverse chronological order in which the employment of such individual occurred, but the maximum amount so charged against the account of any employer shall not exceed 1/6 of the wages payable to such individual by each such employer for employment which occurs on and after the 1st day of such individual's base period, or \$65 per completed calendar quarter or portion thereof, whichever is the lesser.

Benefits paid to an eligible individual under the provisions of this act shall be charged against the accounts of his employers in his base period in the inverse chronological order in which such individual was most recently employed by such employers, but the maximum amount so charged against the account of any employer shall not exceed, to the nearest dollar, that proportion of 16 times the individual's weekly benefit amount, which his earnings in the base period for that employer bears to his total earnings for all employers in the base period. The commission shall by general rules prescribe the manner in which benefits shall be charged against the accounts of several employers for whom an individual performed employment during the same week.

(2) The commission shall classify employers in accordance with their

actual experience in the payment of contributions on their own behalf and with respect to benefits charged against their accounts and shall submit in its **annual** report to the governor, ~~not later than the 1st day of February, 1947,~~ the results of the actual experience in payment of contributions on behalf of the individual employers and with respect to benefits charged to their accounts together with its recommendations relative to the advisability of the ~~adoption~~ **continuance** of ~~the merit rating system~~ **rates based on benefit experience** as a design to encourage and reward steadier employment with a view to reducing contribution rates for those employers that have reduced their unemployment hazard as reflected by each employer's contributions and unemployment benefit experience.

(d) **Employer's experience classification.** The commission shall, for the 12-month period beginning January 1, 1942 and for each 12-month period thereafter, determine the contribution rate applicable to each employer on the basis of his actual experience in the credit of contributions on his own behalf and with respect to benefits paid to unemployed individuals on account of wages earned in the employ of such employer during the base periods of such unemployed individuals. Such rate shall be based upon the experience of such employer from the time he first became an employer subject to the act to and including December 31, 1941 and to and including December 31 of each year thereafter and shall be in accordance with the following requirements and the following percentages of wages as defined in section 7 (b) hereof:

(1) Each employer's rate shall be  $2\frac{7}{10}\%$  unless and until there shall have been 3 consecutive calendar years immediately preceding the computation date throughout which any individual in his employ could have received benefits if eligible.

(2) Subject to the provisions of the preceding subsection, each employer's rate for the 12-month period commencing January 1, 1942 and for each 12-month period thereafter shall be based upon his actual experience and in accordance with the following:

(A) One per centum if contributions credited exceed benefits charged by an amount equivalent to 15% of the average annual payroll of such employer.

(B) One and  $\frac{3}{10}\%$  if contributions credited exceed benefits charged by an amount equivalent to 12% of the average annual payroll of such employer and such excess is less than 15% of such payroll.

(C) One and  $\frac{7}{10}\%$  if contributions credited exceed benefits charged

by an amount equivalent to 10% of the average annual payroll of such employer, and such excess is less than 12% of such payroll.

(D) Two per centum if contributions credited exceed benefits charged by an amount equivalent to  $8\frac{1}{2}\%$  of the average annual payroll of such employer, and such excess is less than 10% of such payroll.

(E) Two and  $\frac{3}{10}\%$  if contributions credited exceed benefits charged by an amount equivalent to  $6\frac{1}{2}\%$  of the average annual payroll of such employer, and such excess is less than  $8\frac{1}{2}\%$  of such payroll.

(F) Two and  $\frac{7}{10}\%$  if contributions credited exceed benefits charged by an amount equivalent to  $4\frac{1}{2}\%$  of the average annual payroll of such employer, and such excess is less than  $6\frac{1}{2}\%$  of such payroll.

(G) Three per centum if contributions credited exceed benefits charged by an amount equivalent to 3% of the average annual payroll of such employer, and such excess is less than  $4\frac{1}{2}\%$  of such payroll.

(H) Three and  $\frac{3}{10}\%$  if contributions credited are equal to or exceed benefits charged, and such excess is less than 3% of the average annual payroll of such employer.

(I) Three and  $\frac{7}{10}\%$  if benefits charged exceed contributions credited.

(3) No employer's rate for the period of 12 months commencing January 1 of any calendar year shall be less than 2% unless the total assets of the fund, excluding contributions not yet paid at the beginning of said calendar year, are equal to or exceed 2 times the average annual benefits paid from the fund within the last 3 years.

(4) No employer's rate for the period of 12 months commencing January 1 of any calendar year shall exceed  $2\frac{7}{10}\%$  if,

(A) At the beginning of such calendar year the assets of the fund, excluding contributions not yet paid at the beginning of such calendar year, are equal to or exceed 2 times the average annual benefits paid from the fund within the last 3 years, and benefits paid from the fund within the last preceding calendar year were less than 2% of the average total annual payrolls of all employers, or

(B) At the beginning of such calendar year the assets of the fund, excluding contributions not yet paid at the beginning of such calendar year, are equal to or exceed 3 times the average annual benefits paid from the fund within the last 3 calendar years.

(5) If the total benefits paid from the fund within the first 6 months of

any calendar year are equal to or exceed 3% of the total payrolls reported by employers on which contributions are based for such 6 months period, the commission, at its discretion, may

(A) If at the beginning of such calendar year subsection (4) of this section has become operative, increase the maximum rate of 2 7/10% provided in said subsection (4) to the rates provided in subsection (2) (G) (H) and (I) of this section based on the employer's experience classification as determined at the beginning of such calendar year and increase the minimum rates provided in subsection (2) (A) (B) and (C) of this section to 2%;

(B) If said subsection (4) had not become operative, increase the minimum rates provided in subsection (2) (A) (B) and (C) to 2%.

The change in rates thus made shall be effective for the remainder of the calendar year.

(6) The provisions of section 19 (a) (2) of this act notwithstanding, as used in this section the words "average annual payroll" mean the average total amount of wages on which contributions are paid or payable, for employment during the 3 preceding calendar years.

(7) As used in this section the words "contributions credited" mean the contributions credited to the account of an employer as provided in subsection (c) of this section, including all contributions paid on or before January 31st, 1942 and on or before January 31st of each year thereafter.

(e) Voluntary payments. Any employer subject to the provisions of this act may make voluntary contributions in addition to the contributions required by this section, and any such voluntary contributions shall be credited to such employer's experience record for the purpose of this section and shall become a part of the unemployment compensation fund. Any such voluntary contributions paid within the first 3 months of any calendar year shall be credited to the experience record of such employer as of the close of the immediately preceding calendar year.

(f) Joint and successor accounts. At the written request of any two or more employers, their experience rating accounts may be mingled as if they constituted a single employer, subject to such regulations as the commission may make and publish concerning the establishment, conduct and dissolution of joint experience rating accounts. The executors, administrators, successors or assigns of any former employer may, in like manner and on the same conditions, request the mingling of the experience rating account of such former employer with the experience rating account of one or more other active employers.