

# MAINE STATE LEGISLATURE

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**LAWS**  
**OF THE**  
**STATE OF MAINE**

**AS PASSED BY THE**

**ONE HUNDRED AND EIGHTEENTH LEGISLATURE**

**SECOND REGULAR SESSION**  
**January 7, 1998 to March 31, 1998**

**SECOND SPECIAL SESSION**  
**April 1, 1998 to April 9, 1998**

**THE GENERAL EFFECTIVE DATE FOR**  
**SECOND REGULAR SESSION**  
**NON-EMERGENCY LAWS IS**  
**JUNE 30, 1998**

**SECOND SPECIAL SESSION**  
**NON-EMERGENCY LAWS IS**  
**JULY 9, 1998**

**PUBLISHED BY THE REVISOR OF STATUTES**  
**IN ACCORDANCE WITH MAINE REVISED STATUTES ANNOTATED,**  
**TITLE 3, SECTION 163-A, SUBSECTION 4.**

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**J.S. McCarthy Company**  
**Augusta, Maine**  
**1997**

of the effect of the legislation proposal on representative taxpayers. The analysis must include a statement of the incidence assumptions that were used in computing the tax burdens.

See title page for effective date.

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## CHAPTER 745

H.P. 1604 - L.D. 2230

### An Act to Implement the Majority Report Recommendations of the Commission to Study the Unemployment Compensation System

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

**Sec. 1. 26 MRSA §1191, sub-§2**, as amended by PL 1997, c. 380, §1, is further amended to read:

**2. Weekly benefit amount for total unemployment.** Each eligible individual establishing a benefit year on or after October 1, 1983 who is totally unemployed in any week must be paid with respect to that week benefits equal to 1/22 of the wages, rounded to the nearest lower full dollar amount, paid to that individual in the high quarter of the base period, but not less than \$12. The maximum weekly benefit amount for claimants requesting insured status determination beginning October 1, 1983 and thereafter from June 1st of a calendar year to May 31st of the next calendar year may not exceed 52% of the annual average weekly wage, rounded to the nearest lower full dollar amount, paid in the calendar year preceding June 1st of that calendar year. No increase in the maximum weekly benefit amount may occur for the period from June 1, 1992 to October 28, 1995. For the periods from October 29, 1995 to May 31, 1997 and from September 28, 1997 to ~~September 26, 1998~~ December 31, 1999, the maximum weekly benefit amount is limited to 94% of the amount calculated previously in this subsection, rounded to the nearest lower full dollar amount. For claimants requesting insured status determination on or after April 1, 1993 and before January 1, 1995, the weekly benefit amount must be the amount determined by this subsection minus \$6. For claimants requesting insured status determination on or after April 1, 1995 and before January 1, ~~1999~~ 2000, the weekly benefit amount must be the amount determined by this subsection minus \$3.

**Sec. 2. 26 MRSA §1221, sub-§2, ¶C**, as amended by PL 1997, c. 380, §2, is further amended to read:

C. Each employer subject to this chapter, other than those liable for payments in lieu of contributions, shall pay, in addition to the contribution rate as prescribed in subsection 4, 7/10 of 1% of the wages paid by the employer with respect to employment during the calendar year 1993, 8/10 of 1% of the wages paid by the employer with respect to employment during the calendar year 1994 and 4/10 of 1% of the wages paid by the employer with respect to employment during calendar years 1995, 1996, 1997, 1998 and ~~1998~~ 1999.

**Sec. 3. 26 MRSA §1221, sub-§4, ¶C**, as amended by PL 1997, c. 380, §3, is further amended to read:

C. To designate the contribution rate schedule to be effective for a rate year, a reserve multiple must be determined. The reserve multiple must be determined by dividing the fund reserve ratio by the composite cost rate. The determination date is September 30th of each calendar year, and the schedule of contribution rates to apply for the 12-month period commencing January 1st, is determined by this reserve multiple, except that for the 1998 and 1999 rate ~~year~~ years Schedule P is in effect.

**Sec. 4. Solvency plan and recommendations.** The Department of Labor, within existing resources, shall report to the First Regular Session of the 119th Legislature by January 1, 1999. The report must include the recommendations of the department for ensuring the long-term solvency of the Unemployment Compensation Fund, referred to in this section as the solvency plan. The department shall develop a solvency plan that provides for reserves adequate to fund benefits consistent with the historical analysis and future projections necessary to provide long-term solvency to the Unemployment Compensation Fund. The department also shall submit proposed legislation that effects the requirements of this section.

In developing the solvency plan and proposed legislation, the department shall consider the following:

1. Tax structures that provide equity among payors, including, but not limited to, the array system;
2. Adjustments to the taxable wage base;
3. A recommended solvency reserve target amount;
4. A schedule within which the solvency plan will be achieved;
5. Other revenue sources that may be used to assist in achieving the solvency plan;

6. Benefit structures consistent with the purpose of the unemployment insurance program for replacement of lost wages; and

7. The administration of the Unemployment Compensation Fund to ensure fiduciary responsibility.

In addition to the solvency plan and proposed legislation, the department shall include a detailed report demonstrating the basis upon which the department performed its evaluation. The detailed report must include the projected impacts of the solvency plan, both during the life of the solvency plan and after the solvency plan is complete.

**Sec. 5. Allocation.** The following funds are allocated from Other Special Revenue to carry out the purposes of this Act.

1998-99

**BAXTER STATE PARK  
AUTHORITY**

**Baxter State Park Authority**

Personal Services	\$2,079
Provides funds for additional unemployment compensation costs.	

See title page for effective date.

**CHAPTER 746**

**H.P. 1614 - L.D. 2240**

**An Act to Provide for Equitable  
Taxation of All Financial Institutions**

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

**Sec. 1. 36 MRSA §5122, sub-§1, ¶H,** as amended by PL 1997, c. 557, Pt. B, §5 and affected by Pt. G, §1, is further amended to read:

H. The absolute value of the amount of any net operating loss arising from tax years beginning on or after January 1, 1989, but before January 1, 1993, that arises from an S Corporation with total assets for the year of at least \$1,000,000 and that, pursuant to the United States Internal Revenue Code, Section 172, is being carried back for federal income tax purposes to the taxable year by the taxpayer; ~~and~~

**Sec. 2. 36 MRSA §5122, sub-§1, ¶J,** as enacted by PL 1997, c. 557, Pt. B, §6 and affected by Pt. G, §1, is amended to read:

J. The amount claimed as a business expense that is included in the investment credit for the high-technology investment tax credit; ~~and~~

**Sec. 3. 36 MRSA §5122, sub-§1, ¶K** is enacted to read:

K. For income tax years beginning on or after January 1, 1997, all items of loss, deduction and other expense of a financial institution subject to the tax imposed by section 5206, to the extent that those items are passed through to the taxpayer for federal income tax purposes, including, if the financial institution is an S corporation, the taxpayer's pro rata share and, if the financial institution is a partnership or limited liability company, the taxpayer's distributive share. An addition may not be made under this paragraph for any losses recognized on the disposition by a taxpayer of an ownership interest in a financial institution.

**Sec. 4. 36 MRSA §5122, sub-§2, ¶H,** as amended by PL 1995, c. 639, §16, is further amended to read:

H. For each taxable year subsequent to the year of the loss, an amount equal to the absolute value of the net operating loss arising from tax years beginning on or after January 1, 1989, but before January 1, 1993, for which federal adjusted gross income was increased in accordance with subsection 1, paragraph H and that pursuant to the Code, Section 172 was carried back for federal income tax purposes, but only to the extent that:

- (1) Maine taxable income is not reduced below zero;
- (2) The taxable year is within the allowable federal period for carry-over; and
- (3) The amount has not been previously used as a modification pursuant to this subsection; ~~and~~

**Sec. 5. 36 MRSA §5122, sub-§2, ¶I,** as enacted by PL 1995, c. 639, §17, is amended to read:

I. For income tax years beginning on or after January 1, 1991, an amount equal to the amount by which federal taxable income was reduced because of vessel earnings from fishing operations that were contributed to a capital construction fund; ~~and~~

**Sec. 6. 36 MRSA §5122, sub-§2, ¶J** is enacted to read: