

# MAINE STATE LEGISLATURE

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**STATE OF MAINE  
117TH LEGISLATURE**

**SECOND REGULAR SESSION**

**BILL SUMMARIES  
JOINT STANDING COMMITTEE  
ON  
LABOR**

**JUNE 1996**

***MEMBERS:***

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*Sen. S. Peter Mills*

*Sen. Anne M. Rand*

*Rep. Pamela H. Hatch, Chair*

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**ONE HUNDRED SEVENTEENTH LEGISLATURE  
SECOND REGULAR SESSION**

***Summary Of Legislation Before The Joint Standing Committees  
June 1996***

We are pleased to provide this summary of bills that were considered by the 15 Joint Standing Committees of the Maine Legislature staffed by this office. The document is a compilation of bill summaries which describe each bill, committee amendments and other relevant amendments, as well as the final action taken on the bill. Also included are statistical summaries of bill activity this Session for the Legislature and each of its joint standing committees.

The document is organized for convenient reference to information on bills handled by the joint standing committees. It is organized alphabetically by committees and within committees by bill (LD) number. The committee report(s), prime sponsor for each bill and the lead co-sponsor(s), if designated, are listed below each bill title. All adopted amendments are listed by paper number. Two indices, a subject index and a numerical index by LD number are provided for easy reference to bills. They are located at the back of the document. A separate publication, History and Final Disposition of Legislative Documents, may also be helpful in providing information on the disposition of bills.

Final action on each bill is noted to the right of the bill title. The abbreviations used for various categories of final action are as follows:

<i>CARRIED OVER</i> .....	<i>Bill carried over to Second Session</i>
<i>CON RES XXX</i> .....	<i>Chapter # of Constitutional Resolution passed by both Houses</i>
<i>CONF CMTE UNABLE TO AGREE</i> .....	<i>Committee of Conference unable to agree; bill died</i>
<i>DIED BETWEEN BODIES</i> .....	<i>House &amp; Senate disagree; bill died</i>
<i>DIED ON ADJOURNMENT</i> .....	<i>Action incomplete when session ended; bill died</i>
<i>EMERGENCY</i> .....	<i>Enacted law takes effect sooner than 90 days</i>
<i>FAILED EMERGENCY ENACTMENT</i> .....	<i>Emergency bill failed to get 2/3 vote</i>
<i>FAILED ENACTMENT</i> .....	<i>Bill failed to get majority vote</i>
<i>FAILED MANDATE ENACTMENT</i> .....	<i>Bill imposing local mandate failed to get 2/3 vote</i>
<i>INDEF PP</i> .....	<i>Bill Indefinitely Postponed</i>
<i>ONTP</i> .....	<i>Ought Not To Pass report accepted</i>
<i>P&amp;S XXX</i> .....	<i>Chapter # of enacted Private &amp; Special Law</i>
<i>PUBLIC XXX</i> .....	<i>Chapter # of enacted Public Law</i>
<i>RESOLVE XXX</i> .....	<i>Chapter # of finally passed Resolve</i>
<i>UNSIGNED</i> .....	<i>Not signed by Governor within 10 days</i>
<i>VETO SUSTAINED</i> .....	<i>Legislature failed to override Governor's Veto</i>

Please note the effective date for all non-emergency legislation enacted in the Second Regular Session (unless otherwise specified in a particular law) is July 4, 1996.

Sponsor(s)  
HANLEY  
BENEDIKTCommittee Report  
OTP-AMAmendments Adopted  
S-464

LD 1761 proposed to prohibit an employee leasing company from offering health benefits on a self-insured basis without meeting the funding and reporting requirements that currently apply to other forms of multiple-employer welfare arrangements. These requirements include establishing the self-insured health benefit plan as a separate trust and complying with various filing, reporting and actuarial standards. The bill also would have required that if a multiple-employer welfare arrangement is terminated, prior written notice must be provided to the affected employees. Similar notice is currently required prior to termination of other group insurance plans. The bill proposed to strengthen the regulation of multiple employer welfare arrangements by requiring arrangements to obtain fidelity bonds and by clarifying the standards applicable to the annual certifications of balance sheets and statements of operations of multiple employer welfare arrangements prepared by certified public accountants.

The bill also proposed to transfer the responsibility for registering employee leasing companies from the Bureau of Insurance to the Commissioner of Labor. In addition, the bill proposed to direct the Commissioner of Labor to work with various state officials to develop material to assist new businesses or small employers that are considering using an employee leasing company. This material would be designed to help the employer ask the right questions in order to minimize the financial risk to the business and the employees.

**Committee Amendment "A" (S-464)** proposed a less stringent approval process for self-insured health benefit plans offered by an employee leasing company than is required of other multiple-employer welfare arrangements. The amendment proposed that a number of requirements be met in order for the self-insured health benefit plan offered by an employee leasing company to be approved by the Superintendent of Insurance. The leasing company would have to be registered in Maine, an annual audited financial report would have to be submitted to the Bureau of Insurance, and a certified public accountant would have to attest on a quarterly basis that employees are being paid, taxes are being paid and adequate reserves and excess insurance are being maintained. The excess insurance would have to be provided by an insurer licensed in Maine. This proposed approval process would have applied existing self-insured plans that continue to be provided after April 30, 1996 and all new self-insured plans established on or after April 30, 1996. The amendment also proposed that the Superintendent of Insurance be authorized to approve an arrangement conditioned upon the timely receipt of the required information if the superintendent had determined that the arrangement is properly funded. The amendment also adds a one-time filing fee for all multiple-employer welfare arrangements subject to the Maine Revised Statutes, Title 24-A, chapter 81, classifies the rules that may be adopted and adds a fiscal note to the bill.

### *Enacted law summary*

Public Law 1995, chapter 618 defines a health benefit plan provided by an employee leasing company as a multiple-employer welfare arrangement and regulates the plan if it is offered on a self-insured basis. The approval process for self-insured plans offered by an employee leasing company is less stringent than that required of other multiple-employer welfare arrangements. A number of requirements must be met for the self-insured health benefit plan offered by an employee leasing company to be approved by the Superintendent of Insurance. The leasing company must be registered in Maine, an annual audited financial report must be submitted to the Bureau of Insurance, and a certified public accountant must attest on a quarterly basis that

employees are being paid, taxes are being paid and adequate reserves and excess insurance are being maintained. The excess insurance must be provided by an insurer licensed in Maine. This regulation applies to existing self-insured plans that continue to be provided after April 30, 1996 and all new self-insured plans established on or after April 30, 1996. The Superintendent of Insurance is authorized to approve an arrangement conditioned upon the timely receipt of the required information if the superintendent determines that the arrangement is properly funded.

Chapter 618 also strengthens the regulation of all types of multiple employer welfare arrangements subject to the provisions of the Maine Revised Statutes, Title 24-A, chapter 81 by requiring arrangements to obtain fidelity bonds and by clarifying the standards applicable to the annual certifications of balance sheets and statements of operations prepared by certified public accountants. It also requires that if a multiple-employer welfare arrangement is terminated, prior written notice must be provided to the affected employees. A one-time filing fee is also required. The responsibility for registering employee leasing companies is transferred from the Bureau of Insurance to the Commissioner of Labor. The Commissioner of Labor is directed to work with various state officials to develop material to assist new businesses or small employers that are considering using an employee leasing company.

Chapter 618 was enacted as an emergency measure effective April 8, 1996.

**LD 1770**      **An Act to Exempt Certain Individuals from Unemployment Insurance Requirements**      PUBLIC 587  
EMERGENCY

Sponsor(s)  
LAWRENCE

Committee Report  
OTP-AM

Amendments Adopted  
S-453

LD 1770 proposed to make Maine's unemployment laws consistent with federal unemployment laws by exempting from the definition of "employment" for unemployment insurance purposes all persons engaged in fishing. Current state law exempts only those individuals engaged in fishing from a boat. The change proposed in the bill would only apply as long as the federal exemption continued. LD 1770 was originally titled "An Act to Exempt All Individuals Engaged in Fishing from Unemployment Insurance Requirements."

**Committee Amendment "A" (S-453)** replaced the original bill with a more limited exemption from the state unemployment insurance requirements. The amendment proposed that services performed in harvesting shellfish for depuration from contaminated areas would not be considered employment for the purposes of unemployment insurance taxes and benefit eligibility. The amendment also proposed that services performed by a licensed guide would also be exempt if that employment is exempt from the federal unemployment tax. The amendment also added a fiscal note to the bill.

***Enacted law summary***

Public Law 1995, chapter 587 provides that services performed in harvesting shellfish for depuration from contaminated areas are not considered employment for the purposes of unemployment insurance taxes and benefit eligibility. It also provides that services performed by a licensed guide are also exempt if that employment is exempt from the federal unemployment tax.

Chapter 587 was enacted as an emergency measure effective April 1, 1996.