

MAINE STATE LEGISLATURE

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STATE OF MAINE
118TH LEGISLATURE

SECOND REGULAR SESSION
AND
SECOND SPECIAL SESSION

BILL SUMMARIES
JOINT STANDING COMMITTEE
ON
LABOR

MAY 1998

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**ONE HUNDRED EIGHTEENTH LEGISLATURE
SECOND REGULAR AND SECOND SPECIAL SESSIONS**

**Summary Of Legislation Before The Joint Standing Committees
May 1998**

We are pleased to provide this summary of bills that were considered by the Joint Standing Committees of the Maine Legislature. The document is a compilation of bill summaries which describe each bill and relevant amendments, as well as the final action taken. 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 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. These bill summaries also are available at the Law and Legislative Reference Library and on the Internet (www.state.me.us/legis/opla).

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:

CON RES XXX..... Chapter # of Constitutional Resolution passed by both Houses
CONF CMTE UNABLE TO AGREE.....Committee of Conference unable to agree; bill died
DIED BETWEEN BODIES.....House & Senate disagree; bill died
DIED IN CONCURRENCE.....One body accepts ONTP report; the other indefinitely postpones the bill
DIED ON ADJOURNMENT.....Action incomplete when session ended; bill died
EMERGENCY.....Enacted law takes effect sooner than 90 days
FAILED EMERGENCY ENACTMENT/FINAL PASSAGE.....Emergency bill failed to get 2/3 vote
FAILED ENACTMENT/FINAL PASSAGE.....Bill failed to get majority vote
FAILED MANDATE ENACTMENT.....Bill imposing local mandate failed to get 2/3 vote
INDEF PP.....Bill Indefinitely Postponed
ONTP..... Ought Not To Pass report accepted
OTP ND..... Committee report Ought To Pass In New Draft
OTP ND/NT..... Committee report Ought To Pass In New Draft/New Title
P&S XXX..... Chapter # of enacted Private & Special Law
PUBLIC XXX..... Chapter # of enacted Public Law
RESOLVE XXX..... Chapter # of finally passed Resolve
UNSIGNED.....Bill held by Governor
VETO SUSTAINED.....Legislature failed to override Governor's Veto

Please note the effective date for all non-emergency legislation enacted in the Second Regular Session (unless otherwise specified in a particular law) is June 30, 1998 and July 9, 1998 for the Second Special Session. Second Special Session laws include Public Laws beginning with Chapter 718, Private and Special Laws beginning with Chapter 82 and Resolves beginning with Chapter 117.

<u>Sponsor(s)</u>	<u>Committee Report</u>	<u>Amendments Adopted</u>
	OTP-AM MAJ	H-1101
	OTP-AM MIN	S-771 CLEVELAND

LD 2230 proposed to implement the majority report recommendations of the Commission to Study the Unemployment Compensation System. Specifically, it proposed to do the following:

1. State the Legislature's intent to maintain a certain level of reserves in the Unemployment Compensation Fund.
2. Replace the existing experience rating system for assigning tax rates to employers with an "array contribution" system.
3. Generate enough additional revenue that, by the year 2003, there will be 12 months of reserves in the Unemployment Compensation Fund, based on the average of the three most expensive benefit years in the past 20 years.
4. Raise the taxable wage base from \$7,000 to \$12,000.
5. Impose an employee tax of 0.2 percent per year on the first \$12,000 of wages, for the five years from 1999 through 2003.
6. Maintain the current six percent reduction in maximum weekly benefits until December 27, 2003.
7. Authorize benefits for claimants who seek part-time work and are willing to work at least enough hours to earn \$5 more than their weekly benefit amount.
8. Eliminate the seasonality provision.
9. Dedicate \$10,000,000 in cigarette tax relief money to the Unemployment Compensation Fund for each of the five years from 1999 through 2003.
10. Require the Department of Labor to collect data on claimants who seek part-time work, have child care problems or have transportation problems.
11. Require the Department of Labor to report on the changes implemented by this bill no later than January 31, 2003.

Committee Amendment "A" (H-1100) was the majority report of the Joint Standing Committee on Labor and was not enacted. It proposed to strike the provisions in the bill regarding cigarette tax relief money, data collection and reporting, seasonality, eligibility for benefits when seeking part-time work, the employee tax and minimum reserves in the Unemployment Compensation Fund.

The amendment also proposed to do the following.

1. Change benefit amounts to 1/22 of the average of the claimant's wages in the two quarters of the base period in which the claimant earned the highest wages. Current law pays benefits equal to 1/22 of the claimant's wages in the single highest quarter of the base period.
2. Cap maximum benefit amounts at 50.5 percent of the annual average weekly wage, rather than the current 52 percent.
3. Extend the six percent reduction in maximum benefit amounts through December 31, 1998. The reduction currently sunsets on September 26, 1998.
4. Create an "array contribution" experience rating system that generates the same amount of unemployment tax revenue that will be generated in 1998, which is approximately \$111,000,000. The amendment proposed to prohibit an increase in tax revenues until the Legislature takes affirmative action to do so. Additionally, the amendment proposed to adjust tax rates in the amended array system so that changes in individual employers' tax rates would not be as dramatic as some would be under the array system proposed in the bill.

The amendment also proposed structural changes to the unemployment program, to improve the state's ability to address solvency issues in the future. The amendment proposed tax revenues and benefit cuts approximately the same in total dollar value as those under current law, which are, until the end of 1998, a 0.4 percent surtax, Schedule P tax rates, (the highest permissible rates) a six percent reduction in maximum benefits and a \$3 reduction in all benefits.

Committee Amendment "B" (H-1101) was the minority report of the Joint Standing Committee on Labor and proposed to replace the bill. The amendment proposed to maintain through December 31, 1999, the solvency measures that will sunset by the end of 1998: a 0.4 percent surtax; Schedule P tax rates, the highest permissible rates; a 6 percent reduction in maximum benefit amounts; and a \$3 reduction in all benefit amounts.

The amendment also proposed to require the Department of Labor to conduct public hearings across the State to inform the public of and to solicit comments on the condition of the Unemployment Compensation Fund. The amendment proposed to require the department to report to the First Regular Session of the 119th Legislature by January 1, 1999, with recommendations for ensuring the long-term solvency of the fund. The amendment also proposed to add an appropriation, an allocation and a fiscal note to the bill.

Senate Amendment "C" to Committee Amendment "B" (S-771) proposed to strike the requirement that the Department of Labor hold public hearings on the condition of the Unemployment Compensation Fund. The amendment also proposed to revise the reporting requirement by requiring the department to develop a solvency plan to ensure the long-term solvency of the Unemployment Compensation Fund. The amendment proposed to require the department to consider the following factors in developing the solvency plan:

1. Equitable tax structures, including the array system;
2. Adjustments to the taxable wage base;
3. A recommended target for reserve levels in the Unemployment Compensation Fund;
4. A schedule within which the solvency plan will be achieved;

5. Other revenue sources for solvency;
6. Benefit structures consistent with the purpose of the unemployment insurance program; and
7. The administration of the Unemployment Compensation Fund.

The amendment also proposed to require the department to include a detailed report of the basis upon which the evaluation was performed, including the projected impacts of the solvency plan, both during and after the life of the plan. Finally, the amendment proposed to strike the appropriation section.

Enacted law summary

Public Law 1997, chapter 745 maintains through December 31, 1999, the current solvency measures that were scheduled to sunset by the end of 1998: a 0.4 percent surtax; Schedule P tax rates, the highest permissible rates; a six percent reduction in maximum benefit amounts; and a \$3 reduction in all benefit amounts.

The law also requires the Department of Labor to report to the 119th Legislature by January 1, 1999, with legislation to implement a solvency plan designed to ensure the long-term solvency of the Unemployment Compensation Fund. The department must evaluate the following factors when developing the solvency plan:

1. Equitable tax structures, including the array system;
2. Adjustments to the taxable wage base;
3. A recommended target for reserve levels in the Unemployment Compensation Fund;
4. A schedule within which the solvency plan will be achieved;
5. Other revenue sources for solvency;
6. Benefit structures consistent with the purpose of the unemployment insurance program; and
7. The administration of the Unemployment Compensation Fund.

The department must provide a detailed report of the basis upon which it performed the evaluation, including the projected impacts of the solvency plan, both during and after the life of the plan.

LD 2231

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

ONTP

Sponsor(s)

Committee Report
ONTP

Amendments Adopted

LD 2231 proposed to implement the minority recommendations of the Commission to Study the Unemployment Compensation System. The bill proposed to do the following: