



128th MAINE LEGISLATURE

LD 563

LR 1791(01)

An Act To Protect Earned Pay

Preliminary Fiscal Impact Statement for Original Bill

Sponsor: Rep. Herbig of Belfast

Committee: Labor, Commerce, Research and Economic Development

Fiscal Note Required: Yes

Preliminary Fiscal Impact Statement

Current biennium cost increase - All Funds

Current biennium cost increase - Unemployment Compensation Trust Fund

Potential future biennium revenue increase - Unemployment Compensation Trust Fund

Fiscal Detail and Notes

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 \$100.34 million. 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.