



128th MAINE LEGISLATURE

LD 700

LR 1227(07)

An Act To Give Flexibility to Employees and Employers for Temporary Layoffs

Fiscal Note for Bill as Engrossed with:

C "A" (H-749)

S "A" (S-456) to C "A" (H-749)

S "B" (S-521) to C "A" (H-749)

Committee: Labor, Commerce, Research and Economic Development

Fiscal Note

Current biennium cost increase - Unemployment Trust Fund

Potential future biennium revenue increase - Unemployment Trust Fund

| | FY 2017-18 | FY 2018-19 | Projections FY 2019-20 | Projections FY 2020-21 |
|-----------------------------------|------------|------------|---------------------------|---------------------------|
| Appropriations/Allocations | | | | |
| Federal Expenditures Fund | \$0 | \$71,200 | \$0 | \$0 |

Fiscal Detail and Notes

This bill includes a one-time Federal Expenditures Fund allocation of \$71,200 in fiscal year 2018-19 to the Employment Security Services program within the Department of Labor for the cost of making computer programming updates to implement changes to eligibility requirements for unemployment benefits.

Creating exemptions from eligibility requirements individuals must meet to qualify for unemployment benefits will increase costs to the Unemployment Trust Fund within the Department of Labor beginning in fiscal year 2018-19. The department estimates the cost to be between \$3.8 million and \$43.2 million per year in benefits being paid to individuals not actively searching for work and potentially not returning to work as soon as they would have had the exemptions not been in place. The actual impact to the Trust Fund will depend on the number of individuals who take advantage of the exemptions.

Higher benefit costs may impact future employer contribution rates if the impact to the Trust Fund results in a higher contribution rate schedule. The contribution rate schedule formula uses the balance of the Unemployment Trust Fund as of September 30 as a factor in determining whether a change in the contribution rate schedule is required. Such a change would bring in an estimated \$18.0 million annually from employers.

Additional costs to the Department of Labor to conduct the required examination and submit the required report by January 15, 2021 can be absorbed within existing budgeted resources.