



129th MAINE LEGISLATURE

LD 75

LR 788(03)

An Act To Protect Earned Pay

Fiscal Note for Bill as Engrossed with:

C "A" (S-11)

Committee: Labor and Housing

Fiscal Note

Current biennium cost increase - Unemployment Compensation Trust Fund
Potential future biennium revenue increase - Unemployment Compensation Trust Fund
Current biennium cost increase - All Funds

Fiscal Detail and Notes

Eliminating the current offset for holiday pay and vacation pay in excess of 4 weeks when calculating a claimant's unemployment compensation benefit will increase costs to the Unemployment Compensation Trust Fund beginning in fiscal year 2019-20. The Department of Labor (DOL) performed an analysis of the impact of this legislation utilizing calendar year 2018 data (average unemployment rate of approximately 3.0%) and calendar year 2009 data (average unemployment rate of 8.1%). According to this analysis, had this provision been in place for calendar year 2018, the estimated increase in benefit payments would have been approximately \$250,000. Had this provision been in place during the recession year of 2009, the estimated benefit increase would have been approximately \$720,000.

Although the DOL has indicated that the impact of this legislation is unlikely to result in an increase in employer tax rates in the near future, 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 recalculated.

This bill will increase unemployment costs for state departments and agencies that are in direct reimbursement status. The DOL estimates the impact to be between \$3,777 (low recession period) and \$11,330 (high recession period.) The General Fund share of the cost is approximately 53.0% and the Highway Fund share is approximately 13.0%. The ability of individual state departments and agencies to absorb the additional costs can not be determined and will depend on actual experience.