



126th MAINE LEGISLATURE

LD 1311

LR 456(01)

An Act To Amend the Laws Governing Unemployment Compensation To Ensure Conformity with the Federal Trade Adjustment Assistance Extension Act of 2011

Preliminary Fiscal Impact Statement for Original Bill

Sponsor: Sen. Patrick of Oxford

Committee: Labor, Commerce, Research and Economic Development

Fiscal Note Required: Yes

Preliminary Fiscal Impact Statement

Avoids loss of federal funds - Federal Expenditures Fund
Current biennium revenue decrease - Other Special Revenue Funds
Current biennium revenue increase - Unemployment Compensation Trust Fund

Fiscal Detail and Notes

This legislation will allow Maine's Employment Security Law to remain in conformity with the federal Trade Adjustment Assistance Extension Act of 2011, Public Law 112-40. Being out of conformity with this Act could jeopardize employers' Federal Unemployment Tax Act (FUTA) tax credits and Maine's unemployment administrative grants. According to the Department of Labor, if Maine's Employment Security Law is ruled out of conformity, the federal unemployment taxes for all Maine employers would increase to 6% on all employment, increasing FUTA taxes from \$30 million to \$210 million annually. Additionally, funding of between \$13 million and \$15 million from unemployment administrative grants that the Bureau of Unemployment Compensation receives annually would be at risk.

The requirement in this legislation that 15% of penalties assessed due to unemployment misrepresentation or fraud be placed into the Unemployment Compensation Trust Fund will result in an increase in revenue to the Trust Fund. Currently, this revenue is deposited into the Special Administrative Expense Fund, Other Special Revenue Funds within the Department of Labor to be used for the purposes specified in Title 26, section 1164. The amount can not be determined at this time. However, information provided by the Department of Labor indicates that, had this provision been in place in calendar year 2012, the amount of revenue that would have been deposited into the Unemployment Compensation Trust Fund account instead of the Special Administrative Expense Fund would have been approximately \$353,000.