



# 131st MAINE LEGISLATURE

LD 1464

LR 1109(02)

## An Act to Remove the Waiting Period for Benefits Under Maine's Unemployment Insurance System

**Fiscal Note for Bill as Amended by Committee Amendment " "**

**Committee: Labor and Housing**

**Fiscal Note Required: Yes**

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### Fiscal Note

Undetermined current biennium cost increase - All Funds

Undetermined future biennium revenue increase - Unemployment Compensation Trust Fund

#### Fiscal Detail and Notes

Eliminating the one week waiting period for workers in the State who are applying for unemployment benefits will increase costs to the Unemployment Compensation Trust Fund beginning in fiscal year 2024-25 due to an increase in benefit payments. The Department of Labor has indicated that the cost of this legislation could range from approximately \$7.5 million during a period of very low unemployment to approximately \$42.0 million during a period of very high unemployment.

This expansion of benefits paid will decrease the amount of funds in the trust fund and may potentially increase the average benefit cost rate, both of which could reduce the reserve multiple which is used to determine the trust fund solvency and the contribution rate schedule for the upcoming year. If the expansion of benefits provided in the bill results in the reserve multiple decreasing below the range of the current contribution schedule (which is at Schedule A for 2024) the schedule for the upcoming year would change, resulting in an increase in unemployment tax rates for employers. The impact to all employers and the timing of the impact cannot 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.

The State and other direct reimbursement employers will be required to repay the Unemployment Compensation Trust Fund for additional benefit payments made as a result of this legislation beginning with the current biennium.