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Testimony of Suzan McKechnie, Bureau of Unemployment Compensation
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LD 2101: An Act to Recover Bank Processing Costs on Returned Employer Payments

To the Joint Standing Committee on Labor and Housing

Public Hearing, January 27, 2026

Good afternoon, Senator Tipping, Representative Roeder, and members of the Joint Standing Committee on Labor. My name is Suzan McKechnie, Director for the Bureau of Unemployment Compensation at the Maine Department of Labor. I'm here to testify in favor of an agency-initiated bill to establish a monetary fee for employers whose Unemployment Insurance (UI) contribution payments are returned unpaid.

LD 2101 is an agency submitted bill, which addresses a single omission in current UI law. Employers may remit UI contributions to the Trust Fund through several methods, including ACH debit or credit, credit card payments by phone, or paper check. Under current law, when a payment initiated by an employer is rejected, for reasons such as insufficient funds, account closure, a nonexistent account, or a stop-payment order, a \$20 fee is assessed to the Bureau by the bank. That fee is currently absorbed by the agency.

In addition to the bank fee, rejected payments create administrative expenses related to staff time, paperwork, and mailing costs. The agency spends approximately 200 staff hours annually processing these transactions.

This proposal aligns with existing provisions under Maine Revenue Services (MRS) M.R.S.A. Title 36, §187-B (5). Until approximately 6 years ago, UI contributions were (largely) collected by MRS, and MRS law was leveraged for these types of events. Due to a change in the process, UI contributions now are exclusively paid directly to BUC.

Under this bill, any fees resulting from a rejected payment would be assessed to the employer responsible for the payment. The proposed penalty would be \$25, or 1 percent of the payment due, whichever is greater. On average, the agency processes approximately 350 rejected payments per year, totaling over \$125,000 since contributions became payable directly to the BUC.

Thank you for your time and consideration. I am happy to answer any questions you may have now or at a future work session.