



# 125th MAINE LEGISLATURE

LD 1600

LR 2332(01)

## An Act To Provide That Persons Hiring Assistants To Provide Home Care for Relatives Are Not Employers for Purposes of Unemployment Compensation Laws

### Preliminary Fiscal Impact Statement for Original Bill

Sponsor: Rep. Waterhouse of Bridgton

Committee: Labor, Commerce, Research and Economic Development

Fiscal Note Required: Yes

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## Preliminary Fiscal Impact Statement

Potential current biennium revenue decrease - Federal Funds

### Fiscal Detail and Notes

Because exempting personal care services or health care services performed in the home for an individual is not an allowable exemption under the Federal Unemployment Tax Act (FUTA), this legislation may have the following fiscal impact:

~ If the state exempts services only performed in the private sector, the employer must pay the full FUTA tax (currently 6.0% of the first \$7,000 paid) on the exempted services without the benefit of the offset credit (up to 5.4%).

~ If the individual hired to perform the exempted services is laid-off, that individual would not be eligible for unemployment benefits based on this employment.

~ If the person hired to perform the personal care or health care services is secured through a nonprofit agency and that agency is determined to be the employer and receives funding through a governmental program, then the State may be ruled out of conformity with FUTA. Being ruled out of conformity could result in the loss of certification for tax credits for all employers liable for the FUTA tax and the potential loss of administrative funding. The loss of the FUTA tax credits for all Maine employers is estimated at \$206 million annually. The loss of administrative funding to the Bureau of Unemployment Compensation is estimated to be approximately \$16 million. Additional administrative grant funding to the Bureau of Employment Services and the Center for Workforce Research and Information could also be jeopardized.