

MAINE STATE LEGISLATURE

The following document is provided by the
LAW AND LEGISLATIVE DIGITAL LIBRARY
at the Maine State Law and Legislative Reference Library
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied
(searchable text may contain some errors and/or omissions)



STATE LAW LIBRARY
AUGUSTA, MAINE

L.D. 93

DATE: 4.13.05

(Filing No. S- 82)

2
4
6
8
10
12
14
16
18
20
22
24
26
28

LABOR

Reported by:

Reproduced and distributed under the direction of the Secretary of the Senate.

**STATE OF MAINE
SENATE
122ND LEGISLATURE
FIRST SPECIAL SESSION**

COMMITTEE AMENDMENT "A" to S.P. 35, L.D. 93, Bill, "An Act Concerning Disability Retirement Benefits under the Maine State Retirement System"

Amend the bill by incorporating the attached fiscal note.

SUMMARY

This amendment incorporates a fiscal note.

COMMITTEE AMENDMENT

**122nd MAINE LEGISLATURE****LD 93****LR 0510(02)****An Act Concerning Disability Retirement Benefits under the Maine State Retirement System****Fiscal Note for Bill as Amended by Committee Amendment *A*****Committee: Labor****Fiscal Note Required: Yes**

Fiscal Note

Potential current biennium cost increase - All Funds

Undetermined future biennium cost increase - All Funds

Fiscal Detail and Notes

Allowing the changes made to the disability retirement benefit program enacted in Public Law 2003, Chapter 675 to be applied retroactively to January 1, 2000 may result in a cost to the Retirement System. The actual cost can not be determined at this time and will depend on the actual population that is impacted by this legislation. If this measure requires the payment of past benefits that were not paid under the current law, an unfunded liability may be created. Pursuant to the Constitution of Maine, Article IX, Section 18-A, unfunded liabilities may not be created except those that result from experience losses. The Maine State Retirement System will require one-time additional General Fund appropriations and Highway Fund and other funds allocations representing the full actuarial value of the increase to the unfunded liability.

Although the actual General Fund appropriations and Highway Fund and other funds allocations that would be needed to fund the retroactive provision of this legislation are not available, the Retirement System attempted to provide an estimate of the potential impact by selecting 3 former benefit recipients and determining the likely cost if their benefits were reinstated under this provision. According to the System, if the 3 recipients, out of the total 21 disability retirement benefit recipients that had their benefits discontinued since January 2000 under the law that was in effect at that time, were reinstated under this legislation, the cost to fund the retroactive provision would be \$108,745.

Also, to the extent that those impacted by this legislation continue to receive prospective benefits that would not have been received under current law, additional costs to the retirement plan are created. Although these costs do not directly create an unfunded liability, it does result in the existing unfunded liability being paid down at a slower rate than what would have occurred without this legislation. According to the Retirement System, the prospective costs for those same 3 recipients would be \$1,535,000. These costs will ultimately be reflected in the ongoing unfunded liability component of the employer retirement rate, resulting in increased employer contributions to the Maine State Retirement System for state employees and teachers.