MAINE STATE LEGISLATURE

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132nd MAINE LEGISLATURE

FIRST REGULAR SESSION-2025

Legislative Document

No. 355

S.P. 141

In Senate, February 3, 2025

An Act to Advance the Maine Retirement Savings Program

Received by the Secretary of the Senate on January 30, 2025. Referred to the Committee on Health Coverage, Insurance and Financial Services pursuant to Joint Rule 308.2 and ordered printed.

DAREK M. GRANT Secretary of the Senate

Presented by Senator BAILEY of York.

Cosponsored by Representative MASTRACCIO of Sanford and

Senators: BALDACCI of Penobscot, President DAUGHTRY of Cumberland, ROTUNDO of Androscoggin, Representatives: ARFORD of Brunswick, BOYER of Cape Elizabeth, CLUCHEY of Bowdoinham, TERRY of Gorham.

Be it enacted by the People of the State of Maine as follows:

- **Sec. 1. 5 MRSA §171, sub-§3,** as enacted by PL 2021, c. 356, §1, is amended to read:
- **3.** Covered employer. "Covered employer" means a person or entity engaged in a business, industry, profession, trade or other enterprise or that otherwise hires employees in the State, whether for profit or not for profit, that has not offered to its employees, effective in form or operation at any time within the current calendar year or 2 preceding ealendar years, a specified tax-favored retirement plan. "Covered employer" does not include:
 - A. The Federal Government, the State or any other state, any county or municipal corporation or any of the State's or any other state's units or instrumentalities; or
 - B. An employer that has not been in business during both the current calendar year and the preceding calendar year.

If an employer does not maintain a specified tax-favored retirement plan for a portion of a calendar year ending on or after the effective date of this chapter, but does adopt such a plan for the remainder of that calendar year, the employer is not a covered employer for the remainder of the year.

- Sec. 2. 5 MRSA §173, sub-§3, as repealed and replaced by PL 2023, c. 167, §6, is amended to read:
- **3. Implementation.** The board may implement the program in stages, which may include a pilot program and phasing in the program based on the size <u>number</u> of <u>employers</u> a covered employer's <u>employees</u>, or other factors. A covered employer <u>on the start date of the program</u> shall offer the program to its covered employees no later than December 31, 2024.
- A covered employer with fewer than $5\ \underline{3}$ employees is not required to offer the program to its covered employees but may offer the program to its employees at the option of the employer and in accordance with rules established by the board. An employer that becomes a covered employer after the start date of the program shall offer the program to covered employees within the time frame established by the board.
- Sec. 3. 5 MRSA §173, sub-§4, ¶A, as amended by PL 2023, c. 167, §7, is further amended by amending subparagraph (1) to read:
 - (1) From Starting July 1, 2025 to June 30, 2026, in the first year of the failure to enroll, the maximum penalty per covered employee is \$20;
- **Sec. 4. 5 MRSA §173, sub-§4, ¶A,** as amended by PL 2023, c. 167, §7, is further amended by amending subparagraph (2) to read:
 - (2) From Starting July 1, 2026 to June 30, 2027, in the 2nd year of the failure to enroll, the maximum penalty per covered employee is \$50; and
- Sec. 5. 5 MRSA §173, sub-§4, ¶A, as amended by PL 2023, c. 167, §7, is further amended by amending subparagraph (4) to read:
 - (4) On or after July 1, 2027, in the 3rd year of the failure to enroll, the maximum penalty per covered employee is \$100.

- Sec. 6. 5 MRSA §179, sub-§2, as amended by PL 2023, c. 167, §13, is further amended to read:
- 2. Submission of report. Beginning February July 1, 2026 and annually thereafter, the board shall submit to the Governor, the Treasurer of State and the Legislature an audited financial report, prepared in accordance with generally accepted accounting principles, detailing the activities, operations, receipts and expenditures of the program and board during the preceding calendar year. The report must include the number of participants, the investment options and their rates of return and other information regarding the program and must also include projected activities of the program for the current calendar year.
- **Sec. 7. Transfers.** Notwithstanding any provision of law to the contrary, the State Controller shall transfer from the unappropriated surplus of the General Fund to the Maine Retirement Savings Program Enterprise Fund \$350,000 on or before June 30, 2026 and \$275,000 on or before June 30, 2027.
- **Sec. 8. Appropriations and allocations.** The following appropriations and allocations are made.

MAINE RETIREMENT SAVINGS BOARD

Maine Retirement Savings Program Z326

Initiative: Allocates funds to the Maine Retirement Savings Program Enterprise Fund to be used in accordance with the Maine Revised Statutes, Title 5, chapter 7-A.

MAINE RETIREMENT SAVINGS PROGRAM ENTERPRISE FUND	2025-26	2026-27
All Other	\$350,000	\$275,000
MAINE RETIREMENT SAVINGS PROGRAM ENTERPRISE FUND TOTAL	\$350,000	\$275,000

SUMMARY

This bill makes the following changes to the Maine Retirement Savings Program.

- 1. It changes the definition of "covered employer" so that it includes all employers who hire employees.
- 2. It allows covered employers who may have offered a workplace retirement plan within the past 2 years to participate in the program.
- 3. It allows the Maine Retirement Savings Board to phase in the program based on the number of employees rather than based on the size of employers as provided in current law.
- 4. For employers who become required to participate in the program after the start date of the program, it clarifies that the employer is required to participate in the program within a time frame established by the board.
- 5. It clarifies that covered employers that fail to enroll are subject to an annually increasing penalty.
- 6. It changes when the Maine Retirement Savings Board is required to submit an audited financial report to the Governor, the Treasurer of State and the Legislature from

- beginning February 1, 2026 and annually thereafter to beginning July 1, 2026 and annually
- thereafter.
- 7. It allocates funds to the Maine Retirement Savings Program Enterprise Fund.