

MAINE STATE LEGISLATURE

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(EMERGENCY)

ONE HUNDRED AND SIXTH LEGISLATURE

Legislative Document

No. 289

H. P. 216

House of Representatives, January 18, 1973

Referred to the Committee on Veterans and Retirement. Sent up for concurrence and ordered printed.

E. LOUISE LINCOLN, Clerk

Presented by Mr. Rolde of York.

STATE OF MAINE

IN THE YEAR OF OUR LORD NINETEEN HUNDRED
SEVENTY-THREE

**AN ACT to Replace Lump Sum Financing of State Employees Retirement
with Percentage Financing Based Upon Payrolls Paid.**

Emergency preamble. Whereas, Acts and Resolves passed by the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies; and

Whereas, the 90-day period may not terminate until after the beginning of the next fiscal year; and

Whereas, the payment of the State's share of employees retirement cannot be changed except at the beginning of a new fiscal year; and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety; now, therefore,

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

Sec. 1. R. S., T. 5, § 1062, sub-§ 3, ¶ B, amended. The first sentence of paragraph B of subsection 3 of section 1062 of Title 5 of the Revised Statutes, as amended by section 3 of chapter 45 of the public laws of 1969, is further amended to read as follows:

On account of each member there shall be paid annually into the Retirement Allowance Fund by the State ~~for the preceding fiscal year~~ an amount equal to a certain percentage of the annual earnable compensation of such member to be known as the "employer contribution."

Sec. 2. R. S., T. 5, § 1062, sub-§ 5, amended. The 2nd sentence of subsection 5 of section 1062 of Title 5 of the Revised Statutes is amended to read as follows:

These estimates shall show the total requirements **necessary to meet the liabilities incurred** for the Retirement Allowance Fund, the Survivors' Benefit Fund and the Expense Fund for the ensuing biennium.

Sec. 3. R. S., T. 5, § 1062, sub-§ 5, amended. The last 3 sentences of subsection 5 of section 1062 of Title 5 of the Revised Statutes is repealed and the following enacted in place thereof:

On July 1, 1973 and thereafter on each and every payroll from which retirement contributions are deducted the State Controller shall cause a charge to be made to each department, agency or governmental unit of an amount or amounts in payment of the employer costs of all charges related to the Retirement System and which shall be credited to the appropriate funds as listed in section 1062, subsection 1. Percentage rates to be predetermined by the Actuary and approved by the Board of Trustees shall be applied to the total gross salaries of members appearing on such payrolls and the resultant charges shall be periodically credited to the corresponding retirement fund.

Emergency clause. In view of the emergency cited in the preamble, this Act shall take effect when approved.

FISCAL NOTE

The budget submitted to the Legislature was prepared using the percentage method.

STATEMENT OF FACT

This Act will place the employer contributions and administrative costs of the Maine State Retirement System on a current basis computed for each payroll. Benefits to the State include eliminating the cost to the General Fund of short-term or non-continuing Federal programs. An additional benefit will result from the reflection of this cost as part of the cost of operating each State department and account.