

# MAINE STATE LEGISLATURE

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1 (New Draft of H.P. 23, L.D. 19)

2 FIRST REGULAR SESSION  
3

4 ONE HUNDRED AND ELEVENTH LEGISLATURE  
5

6 Legislative Document

No. 1507

8 H.P. 1142

House of Representatives, April 22, 1983

9 Reported by the Majority from the Committee on Aging, Retirement and  
10 Veterans.

11 Original bill presented by Representative Hickey of Augusta. Cosponsored  
by Senator Teague of Somerset, Representative MacBride of Presque Isle and  
Representative Nelson of Portland.

EDWIN H. PERT, Clerk

12  
13 STATE OF MAINE  
14

15 IN THE YEAR OF OUR LORD  
16 NINETEEN HUNDRED AND EIGHTY-THREE  
17

18 AN ACT to Provide Cost-of-living Adjust-  
19 ments to Retired State Employees, Teachers  
20 and Beneficiaries.  
21

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

24 5 MRSA §1128, sub-§1, ¶A, as enacted by PL 1977,  
25 c. 573, §3, is amended to read:

26 A. Any percentage change in the Consumer Price  
27 Index from July 1st through June 30th shall be  
28 reflected in an equal percentage increase or  
29 decrease in the annual retirement allowance  
30 beginning in September, ~~except that in the year~~  
31 ~~1977, such increase or decrease shall be in~~  
32 ~~November.~~

33 The board of trustees shall automatically make  
34 such adjustments in the retirement allowances up

1 to a maximum annual increase or decrease of 4%.  
2 The cost of such adjustments shall be determined  
3 by the Board of Trustees of the Maine State  
4 Retirement System and shall be included in their  
5 budget requests, ~~if necessary~~. Notwithstanding  
6 any other provision of this section the minimum  
7 percentage increase for the fiscal years ending  
8 June 30, 1983, and June 30, 1984, shall be 4%.

9 FISCAL NOTE

10 No appropriation is required for this new draft,  
11 as the 4% is already included in the 1983-1985 bien-  
12 nial budget request.

13 This new draft requires the Maine State Retire-  
14 ment System to spend the entire 4% budgeted, while  
15 current law only requires the system to spend up to  
16 4%, depending on the Consumer Price Index. If the  
17 Consumer Price Index is less than 4% for fiscal years  
18 1983 or 1984, this new draft will require the system  
19 to spend more than it would otherwise have been re-  
20 quired to spend.

21 STATEMENT OF FACT

22 Since 1976, the Consumer Price Index has run from  
23 6% to as high as 14.4% in 1980. Remedy by the Maine  
24 Legislature has fallen behind, accumulatively 25%, so  
25 that the purchasing power of the retirees' pensions  
26 has been evaporated by 1/4. Adjustments in the  
27 retirement allowances being paid to retired state  
28 employees, teachers or beneficiaries of either, con-  
29 tain the provision that whenever the Consumer Price  
30 Index increases or decreases above or below 4%, the  
31 board of trustees shall make such adjustments as  
32 necessary to reflect this change. This new draft  
33 would guarantee a 4% minimum increase for the 2  
34 fiscal years 1983 and 1984 even if the Consumer Price  
35 Index falls below the 4% figure.

1           This new draft is supported jointly by a coali-  
2           tion of The Maine Legislative Committee of the Amer-  
3           ican Association of Retired Persons, the Maine Asso-  
4           ciation of Retirees, Incorporated and the Maine  
5           Retired Teachers' Association.

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