

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)



114th MAINE LEGISLATURE

FIRST REGULAR SESSION - 1989

Legislative Document

No. 676

H.P. 496

House of Representatives, March 7, 1989

Reference to the Committee on Aging, Retirement and Veterans suggested and ordered printed.

Ed Pert

EDWIN H. PERT, Clerk

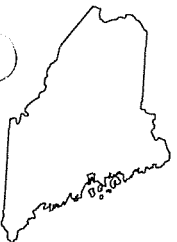
Presented by Representative DELLERT of Gardiner.

Cosponsored by Representative JALBERT of Lisbon and Representative MERRILL of Dover-Foxcroft.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND EIGHTY-NINE

An Act to Provide that Certain Interest and Income Earned May Be Credited to the Maine State Retirement System for Administration.



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

3 5 MRSA §19005, first and 2nd ¶¶, as enacted by PL 1985, c.
801, §§5 and 7, are amended to read:

5
7 The "~~Contribution-Fund~~", "Contribution Fund," as heretefere
established, shall consist of and there shall be deposited in
such the fund: All contributions, interest and penalties
9 collected under section 19004; all ~~moneys~~ money appropriated
thereto under this chapter; any property or securities and
11 earnings thereof acquired through the use of ~~moneys~~ money
belonging to the fund; interest earned upon any ~~moneys~~ money in
13 the fund; and all sums recovered upon the bond of the custodian
or otherwise for losses sustained by the fund and all other
15 ~~moneys~~ money received for the fund from any other source. All
~~moneys~~ money in the fund shall be mingled and undivided. Subject
17 to this chapter, the state agency is vested with full power,
authority and jurisdiction over the fund, including all ~~moneys~~
19 money and property or securities belonging thereto,--and . The
state agency shall invest the fund pursuant to section 17153,
21 subsection 3 and credit all interest and income earned in excess
23 of that needed, for the purposes set forth in this section, to
the expense fund of the state agency, to be used to defray the
cost of administration. The state agency may perform any and all
25 acts whether or not specifically designated, which are necessary
to the administration thereof of the Contribution Fund and are
27 consistent with this chapter.

29 The Contribution Fund shall be established and held separate
and apart from any other funds or ~~moneys~~ money of the State and
31 shall be used and administered exclusively for the purpose of
this chapter. Withdrawals Subject to this section, withdrawals
33 from such the fund shall be made for, and solely for, payment of
amounts required to be paid to the Secretary of the Treasury
35 pursuant to an agreement entered into under section 19003; and
refunds of overpayments, not otherwise adjustable, made by a
37 political subdivision or instrumentality.

39

41

STATEMENT OF FACT

43 In 1950, the United States Social Security Act was amended
to permit states to cover under the Act employees of states and
45 political subdivisions who were not covered by a retirement
plan. The Legislature enacted the required legislation in 1951
47 to provide coverage for employees of political subdivisions. The
federal law was amended in 1955 to permit coverage of employees
49 who were covered by a retirement plan. This amendment to the
federal law permitted political subdivisions to cover employees
51 whether or not they were covered by a retirement plan; however,

1 the Legislature did not amend the State law to permit coverage of
state employees and public school teachers.

3
5 The bill enacted by the Legislature in 1951 provided that
the Maine State Retirement System would be the state agency
7 responsible for the administration of social security for
political subdivisions in Maine. "State agency" is the unit of
9 State Government which works with the Social Security
Administration in administering the federal social security
11 program for employees of the state and political subdivisions.
One of the principal duties of the state agency, until the
13 amendment of the United States Social Security Act as of January
1, 1987, was to collect the social security taxes from the
15 political subdivisions and remit them to the Social Security
Administration. During the time between receipt of the funds by
17 the state agency and remittance to the Social Security
Administration, the funds were invested as part of the Treasurer
19 of State's cash pool. The interest earned on the Contribution
Fund was used to administer the program rather than charging the
21 political subdivisions as permitted by the law; however, due to
the efficient manner in which the program was administered, the
23 income to the fund was in excess of that needed to administer the
program.

25 Since all liabilities to both the Secretary of the Treasury
and the participating political subdivisions set out in the Maine
27 Revised Statutes, Title 5, section 19005, have been fully and
finally discharged, this bill permits the Maine State Retirement
29 System to use the investment earnings to defray part of the
expense of administering the retirement system. None of the
31 money remaining in the fund is money that was paid by political
subdivisions, but is entirely made up of earnings resulting from
33 investment earnings. It is the intent of the retirement system
to use this money in the preparation and implementation of a new
35 portable and integrated retirement plan for its participating
local districts; such as political subdivisions. Therefore, the
37 money will be used to benefit the same class of employees and
employers who contributed the money which was invested to produce
39 the money which is now in the fund.