

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)

2
4
6
8
10
12
14
16
18
20
22
24
26
28
30
32
34
36
38
40
42
44
46

STATE OF MAINE
HOUSE OF REPRESENTATIVES
115TH LEGISLATURE
FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 9, L.D. 12, Bill, "An Act to Refinance a Portion of the Teacher Retirement Payments for the Fiscal Year 1990-91"

Amend the bill by striking out all of the title and substituting the following:

'An Act to Refinance a Portion of Retirement Payments for the Fiscal Year 1990-91'

Further amend the bill in the emergency preamble in the 2nd paragraph in the 2nd and 3rd lines (page 1, lines 6 and 7 in L.D.) by striking out the following: "for teachers"

Further amend the bill in the emergency preamble by striking out all of the 3rd paragraph (page 1, lines 11 to 16 in L.D.)

Further amend the bill by striking out everything after the enacting clause and before the emergency clause and inserting in its place the following:

'Sec. 1. 3 MRSA §803-A is enacted to read:

§803-A. Interim refinancing

Notwithstanding other provisions of this chapter, funds representing payments of employer contributions for members pursuant to section 803 may not be transferred for the period of January 1, 1991 to May 31, 1991, except as follows.

1. Retirement reserve. Funds otherwise payable during that period must be credited to the State Employee Retirement Reserve established by the State Controller pursuant to Title 5, section 17154, subsection 5, paragraph C.

2 2. Funds otherwise payable. Funds otherwise payable during
4 that period with interest on the funds at a rate equivalent to
6 the rate of return for the fund for each year, or portion of that
 year, for the period of January 1, 1991 to June 30, 2001 must be
 appropriated and transferred to the Maine State Retirement System
 during the period beginning July 1, 1993 and ending June 30, 2001.

8 Sec. 2. 4 MRSA §1303-A is enacted to read:

10 §1303-A. Interim refinancing

12 Notwithstanding other provisions of this chapter, funds
14 representing payments of employer contributions for members
16 pursuant to section 1303 may not be transferred for the period of
 January 1, 1991 to May 31, 1991, except as follows.

18 1. Retirement reserve. Funds otherwise payable during that
20 period must be credited to the State Employee Retirement Reserve
 established by the State Controller pursuant to Title 5, section
 17154, subsection 5, paragraph C.

22 2. Funds otherwise payable. Funds otherwise payable during
24 that period with interest on the funds at a rate equivalent to
26 the rate of return for the fund for each year, or portion of that
28 year, for the period of January 1, 1991 to June 30, 2001 must be
 appropriated and transferred to the Maine State Retirement System
 during the period beginning July 1, 1993 and ending June 30, 2001.

30 Sec. 3. 5 MRSA §17151, sub-§3 is enacted to read:

32 3. Interim refinancing. Notwithstanding subsection 2,
34 funds representing payments of employer charges for teachers and
36 state employees pursuant to section 17154, subsection 5 or 6 may
 not be transferred for the period of January 1, 1991 to May 31,
 1991, except as follows.

38 A. Funds otherwise payable during that period with interest
40 on the funds at a rate equivalent to the rate of return for
42 the fund for each year, or portion of that year, for the
 period of January 1, 1991 to June 30, 2001 must be
 appropriated and transferred to the retirement system during
 the period beginning July 1, 1993 and ending June 30, 2001.

44 B. This subsection does not apply to payments of employer
46 charges for employees covered by accounts within the Highway
 Fund.

48 Sec. 4. 5 MRSA §17153, sub-§1-A, ¶B, as enacted by PL 1987, c.
50 193, §2, is amended to read:

2 B. The Legislature shall appropriate and transfer annually
4 those funds the board determines to be necessary under this
6 subsection to maintain the retirement system on an
actuarially sound basis and in accordance with the
provisions of section 17151, subsection 3.

8 **Sec. 5. 5 MRSA §17154, sub-§5, ¶C is enacted to read:**

10 C. Notwithstanding paragraph B, amounts identified under
12 paragraph A for accounts other than those within the Highway
14 Fund during the period of January 1, 1991 to May 31, 1991
16 must be credited to the State Employee Retirement Reserve
18 established by the State Controller. Notwithstanding
20 section 1585, the State Controller shall transfer funds in
22 the State Employee Retirement Reserve to the Retirement
24 Contingency Account during the period of June 1, 1991 to
26 June 30, 1991. Transfers to the Retirement Contingency
28 Account under this section may not exceed \$20,865,510. Any
amount in the State Employee Retirement Reserve exceeding
\$20,865,510 after transfers to the Retirement Contingency
Account must be transferred to the retirement system and
allocated in the same proportion as total funds received by
the Retirement Reserve. The Maine State Retirement System
shall report to the Legislature by September 1, 1991 the
amount transferred to the system from the Retirement
Contingency Account, including a description of the manner
in which that amount is allocated.

30 **Sec. 6. 5 MRSA §17159 is enacted to read:**

32 **§17159. Accelerated Retirement Refinancing Fund**

34 1. Account. There is established the Accelerated
36 Retirement Refinancing Fund for the purpose of accelerating the
38 repayment of funds not transferred to the retirement system as a
result of the refinancing of payment for the period January 1,
1991 to May 31, 1991.

40 2. Payments to the account. At the close of each fiscal
42 year, the State Controller shall transfer to the fund from the
44 unappropriated surplus of the General Fund an amount not to
46 exceed 1/2 of the excess of total revenues received after
accepted estimates in that fiscal year remaining after the
transfers required by Title 5, section 1513 and Title 30-A,
section 5683.

48 3. Distributions from the account. The State Controller
50 shall transfer the funds in the Accelerated Retirement
52 Refinancing Fund to the retirement system annually. The
retirement system shall apply funds received under this section
to accelerate the refinancing of payments for the period of

COMMITTEE AMENDMENT "A" to H.P. 9, L.D. 12

January 1, 1991 to May 31, 1991 by reducing the payments due in the final years of the repayment schedule. The retirement system shall report by September 1, annually, to the Legislature the impact of payments made under this section on the acceleration of refinancing.

Sec. 7. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act.

	1990-91
EDUCATION, DEPARTMENT OF	
Teachers' Retirement	
All Other	\$(52,163,775)
Deappropriates funds no longer required as a result of refinancing of employer payments.	
DEPARTMENT OF EDUCATION	
TOTAL	<hr/> \$(52,163,775)
FINANCE, DEPARTMENT OF	
Retirement Contingency	
Personal Services	\$(20,865,510)
Deappropriates funds no longer required as a result of refinancing of employer payments.	
DEPARTMENT OF FINANCE	
TOTAL	<hr/> \$(20,865,510)
TOTAL APPROPRIATIONS	<hr/> \$(73,029,285)

FISCAL NOTE

	1990-91
Appropriations/Allocations:	
General Fund	\$(73,029,285)

This bill deappropriates \$52,163,775 from teachers' retirement no longer required as a result of the refinancing of

the employer payments for teachers' retirement for the period of January 1, 1991 to May 31, 1991.

In addition, the employer contributions during that same period for members of the judicial and legislative retirement systems and state employees, except Highway Fund employees, will be paid to the State Employee Retirement Reserve. The amount of \$20,865,510 will be transferred from this reserve to the Retirement Contingency account where it will be deappropriated. Balances in the State Employee Retirement Reserve in excess of the amounts required to be transferred to provide for the \$20,865,510 deappropriation will be paid to the Maine State Retirement System.

The deferred retirement contributions will be repaid beginning July 1, 1993 and ending June 30, 2001. The future additional payments based on the projected rate of return for Maine State Retirement System funds (10.6%) are estimated to be:

Fiscal Year 1993-94	\$12,700,000
Fiscal Year 1994-95	\$13,800,000
Fiscal Year 1995-96	\$15,100,000
Fiscal Year 1996-97	\$16,500,000
Fiscal Year 1997-98	\$18,000,000
Fiscal Year 1998-99	\$19,700,000
Fiscal Year 1999-00	\$21,500,000
Fiscal Year 2000-01	\$23,500,000
Total	\$140,800,000

The actual payments to be made to the Maine State Retirement System will vary depending on the actual rate of return experienced by the Maine State Retirement System for fiscal year 1993-94 to fiscal year 2000-01.

This bill also establishes the Accelerated Retirement Refinancing Fund into which a portion of unappropriated surplus revenues will be transferred after the transfers into the Maine Rainy Day Fund and the Property Tax Relief Fund. The Accelerated Retirement Refinancing Fund will be used to reduce the amount of the outstanding liability to the Maine State Retirement System as a result of the deferred contributions.'

STATEMENT OF FACT

This amendment extends the refinancing of payments to the Maine State Retirement System to include state employees, other than those covered by the Highway Fund, and members of the legislative and judicial retirement systems. The amendment changes the period of refinanced payments to the period of January 1, 1991 to May 31, 1991, establishes a fund to use a

COMMITTEE AMENDMENT "A" to H.P. 9, L.D. 12

2 portion of surplus revenues to accelerate refinancing of the payments and adds necessary deappropriations and a fiscal note.

Reported by the Minority of the Committee on Aging, Retirement and Veterans
Reproduced and distributed under the direction of the Clerk of the House
(12-20-90) (Filing No. H-5)