

MAINE STATE LEGISLATURE

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115th MAINE LEGISLATURE

FIRST REGULAR SESSION-1990

Legislative Document

No. 12

H.P. 9

House of Representatives, December 5, 1990

Submitted by the Department of Finance pursuant to Joint Rule 24.
Reference to the Committee on Aging, Retirement and Veterans suggested and ordered printed.

A handwritten signature in cursive script that reads "Ed Pert".

EDWIN H. PERT, Clerk

Presented by Representative FOSS of Yarmouth.
Cosponsored by Senator WEBSTER of Franklin.

STATE OF MAINE

IN THE YEAR OF OUR LORD
NINETEEN HUNDRED AND NINETY

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

(EMERGENCY)



2 **Emergency preamble.** Whereas, Acts of the Legislature do not
become effective until 90 days after adjournment unless enacted
as emergencies; and

4
6 Whereas, the Legislature has determined that the temporary
suspension of the State's payments of employer charges for
teachers to the Maine State Retirement System is necessary for
8 the State to meet its overall obligation of having revenues equal
expenditures for the remainder of fiscal year 1990-91; and

10
12 Whereas, the Legislature finds that no suspension of
payments may be allowed to delay the overall repayment of the
State's funding of its obligations to the Maine State Retirement
14 System and, therefore, that the refinancing must be repaid as of
the originally scheduled final payment date of those payments,
16 June 30, 2001; and

18 Whereas, the refinancing contemplated by this legislation
must become effective prior to the end of calendar year 1990; and

20
22 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
24 necessary for the preservation of the public peace, health and
safety; now, therefore,

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

28 **Sec. 1. 5 MRSA §17151, sub-§3 is enacted to read:**

30 3. Interim refinancing. Notwithstanding subsection 2, no
32 funds representing payments of employer charges for teachers
34 pursuant to section 17154, subsection 6, may be transferred for
the period December 1, 1990 to June 30, 1991, except as follows.

36 A. Funds otherwise payable during that period, together
38 with interest on the funds at a rate equivalent to the rate
40 of return for the fund for each year, or portion thereof,
42 for the period January 1, 1991 to June 30, 2001, must be
appropriated and transferred to the Maine State Retirement
System during the period commencing July 1, 1993, and
terminating no later than June 30, 2001.

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

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

2 **Emergency clause.** In view of the emergency cited in the
preamble, this Act takes effect when approved.

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STATEMENT OF FACT

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8 This bill enables the State to refinance its obligation to
fund its payments of employer charges for teachers to the Maine
10 State Retirement System. The refinancing contemplates the
temporary suspension of those payments for the period December
12 1990, to June, 1991. The payments under this refinancing will be
made with interest pursuant to an amortization schedule that will
14 have the identical final payment date as the current repayment
schedule for those payments. The retirement system, therefore,
would not incur any overall financial loss or delay as a result
16 of the refinancing. The amendments to the Maine Revised
Statutes, Title 5, sections 17151 and 17153, provide the
18 statutory authorization for the suspension of these payments
during this period and contemplate, as before, that the Board of
20 Trustees of the Maine State Retirement System will continue to
calculate the funds necessary to be repaid on an actuarially
22 sound basis.