MAINE STATE LEGISLATURE

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		L.D. 158
2	DATE: June 15, 1995	(Filing No. S- 277)
4	DATE: Suite 13, 1999	(Filling No. 5-277)
6	I	LABOR
8 '	Reported by: The Minorit	y of the Committee.
10	Reproduced and distributed un of the Senate.	der the direction of the Secretary
12	STATI	E OF MAINE
14		ENATE EGISLATURE
16	FIRST REC	GULAR SESSION
18	COMMITTEE AMENDMENT "B"	to S.P. 70, L.D. 158, "RESOLUTION,
20	Proposing an Amendment to the	Constitution of Maine to Prohibit and to Maintain the Current
22	Amortization Schedule"	
24	Amend the resolution substituting the following:	by striking out the title and
26	DECOLUERTON Decesion on Amor	adment to the Constitution of Maine
28	to Maintain the Current Am	mortization Schedule for Unfunded Future Unfunded Liabilities of the
30	Maine State Retirement System'	•
32	Further amend the resolut 18-A and 18-B and inserting in	ion by striking out all of Sections their place the following:
34	10 11 and 10 2 and 1 deceing in	and I Flade one leafewrigt
	'Section 18-A. Funding	of retirement benefits under the
36		 Beginning with the fiscal year
		normal cost of all retirement and
38		participants under the Maine State
40	basis. Unfunded liabilities	led annually on an actuarially sound may not be created except those ses. Unfunded liability resulting

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this section.

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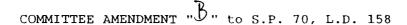
from experience losses must be retired over a period not

exceeding 10 years. Upon submission of a written finding by the

Governor that a severe economic emergency necessitates suspension of this section and upon a vote of at least 7/8 of the membership

in each House, the Legislature may suspend state funding under

COMMITTEE AMENDMENT





Section 18-B. Payment of unfunded liabilities of the Main
State Retirement System. Each fiscal year beginning with th
fiscal year starting July 1, 1997, the Legislature shal
appropriate funds that will retire in 31 years or less th
unfunded liabilities of the Maine State Retirement System tha
are attributable to state employees and teachers. The unfunde
liabilities referred to in this section are those determined b
the Maine State Retirement System's actuaries and certified b
the Board of Trustees of the Maine State Retirement System as o
June 30, 1996. Upon submission of a written finding by th
Governor that a severe economic emergency necessitates suspension
of this section and upon a vote of at least 7/8 of the membershi
in each House, the Legislature may suspend state funding unde
this section.'

Further amend the resolution by striking out all of the referendum question and inserting in its place the following:

' "Do you favor amending the Constitution of Maine to require, except in cases of severe economic emergency, sound funding of the Maine State Retirement System, paying off the current unfunded liability in 31 years and prohibition on the creation of new unfunded liabilities?" '

Further amend the bill by inserting at the end before the statement of fact the following:

'FISCAL NOTE

The estimated cost of sending this resolution out to referendum will vary according to the total number of referenda enacted during the First Regular Session of the 117th Legislature. The estimated cost to the Secretary of State if one to 6 referenda are enacted is \$95,000. Each additional referendum costs an additional \$7,000.

If approved by the voters, the unfunded liability amortization schedule required by the Constitution of Maine will be the schedule currently being used by the Maine State Retirement System, except that the schedule may be altered under certain circumstances with a vote of 7/8 of the membership in each House of the Legislature. The Governor's proposed current services budget includes sufficient funding for the amortization payments of the 1996-1997 biennium. The prohibition on creating unfunded liabilities resulting from other than experience losses will require full funding of the past service liability of any future benefit improvements at the time of enactment.'

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2	STATEMENT OF FACT		
4	This amendment is the minority report of the Joint Standing Committee on Labor.		
6	•		
,	This amendment retains the intent of the resolution and		
8	introduces an override procedure by which the Governor and a 7/8 majority of each House of the Legislature may agree not to comply		
10	with the funding requirements in cases of severe economic emergency. The amendment also clarifies that, except in extreme		
12	emergencies:		
14	 The normal costs of retirement must be funded on an actuarially sound basis each fiscal year; 		
16			
	2. Funds must be appropriated each year to pay off the		
18	current unfunded liability of the Maine State Retirement System		
20	over 31 years or less; and		
20	2 Future unfunded liability ariging from experience legge		
22	3. Future unfunded liability arising from experience losses must be paid over a 10-year period.		
24	The amendment clarifies the title of the resolution and the		
	headings of the sections proposed to be added to the Constitution		
26	of Maine and rewords the referendum question to reflect this amendment and the intent of the resolution. The amendment also		
28	adds a fiscal note to the resolution.		

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