

# MAINE STATE LEGISLATURE

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# 117th MAINE LEGISLATURE

## FIRST REGULAR SESSION-1995

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Legislative Document

No. 314

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H.P. 234

House of Representatives, January 31, 1995

**An Act to Allow Contract Employees of the Maine State Ferry Service to Buy Retirement Time.**

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Reference to the Committee on Labor suggested and ordered printed.

A handwritten signature in cursive script that reads "Joseph W. Mayo".

JOSEPH W. MAYO, Clerk

Presented by Representative SIMONEAU of Thomaston.  
Cosponsored by Representatives: McALEVEY of Waterboro, SAVAGE of Union, Senators:  
LONGLEY of Waldo, PINGREE of Knox, RUHLIN of Penobscot.

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

4 **Sec. 1. 5 MRSA §17765** is enacted to read:

6 **§17765. Maine State Ferry Service**

8 An individual who served on a crew of the Maine State Ferry  
10 Service on or after January 1, 1991 and before January 1, 1996  
may purchase service credit for all or part of that service if  
the following conditions are met:

12 1. Self-employment tax paid. The crew member paid federal  
14 self-employment tax for the service;

16 2. Internal Revenue Service ruling. The Internal Revenue  
18 Service rules that the crew member was an employee of the Maine  
State Ferry Service and not an independent contractor;

20 3. Application for tax refund. The individual applies for  
22 and receives a refund of the self-employment tax paid for the  
service; and

24 4. Payment to fund. Within one year of the receipt of the  
26 self-employment tax refund, the individual makes contributions  
into the Members' Contribution Fund for the service on the same  
28 basis as the individual would have contributed had the service  
been as a state employee, plus interest at a rate to be set by  
30 the board not to exceed the regular interest rate by 5 or more  
percentage points. Interest must be computed beginning the end  
of the year when the service was performed to the date of payment.

32 **STATEMENT OF FACT**

34  
36 The Maine State Ferry Service supplements its ferry crews  
38 with individuals working as independent contractors. As  
40 independent contractors, these individuals are required to pay  
42 federal self-employment taxes. The Internal Revenue Service is  
44 currently investigating whether these persons should be  
considered employees of the State rather than independent  
contractors. This bill allows these individuals to purchase  
creditable service in the Maine State Retirement System if the  
Internal Revenue Service rules that they are state employees and  
their self-employment taxes are refunded.