

MAINE STATE LEGISLATURE

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R.O.S.

L.D. 1698

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DATE: 03/30/96

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
117TH LEGISLATURE
SECOND REGULAR SESSION

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HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 1238, L.D. 1698, Bill, "An Act to Expedite the Decision-making Process for Disability Retirement under the Maine State Retirement System"

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Amend the amendment by inserting after section 7 the following:

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'Sec. 8. 5 MRSA §17907, sub-§3 is enacted to read:

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3. Erroneous payment. If overpayment of disability retirement benefits is made for at least 10 years under this article due solely to error of the retirement system, the retirement system may not reduce future benefits payable to or require the reimbursement of past overpayment of benefits from the recipient. This subsection applies to any person who was receiving a disability retirement benefit payment from the retirement system on January 1, 1995 or who receives such a payment after that date.'

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Further amend the amendment by inserting after section 17 the following:

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'Sec. 18. 5 MRSA §17929, sub-§3 is enacted to read:

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3. Erroneous payment. If overpayment of disability retirement benefits is made for at least 10 years under this article due solely to error of the retirement system, the retirement system may not reduce future benefits payable to or require the reimbursement of past overpayment of benefits from the recipient. This subsection applies to any person who was

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2 receiving a disability retirement benefit payment from the
retirement system on January 1, 1995 or who receives such a
4 payment after that date.'

6 Further amend the amendment by inserting after section 33
the following:

8 'Sec. 34. Appropriation. The following funds are appropriated
from the General Fund to carry out the purposes of this Act.

10 1995-96 1996-97
12 **MAINE STATE RETIREMENT SYSTEM**

14 **Retirement Allowance Fund**

16 All Other \$10,800 \$7,200

18 Provides funds for the costs
20 to continue disability
22 retirement benefits at a
higher level if that level
24 was established because of a
calculation error made by the
Maine State Retirement
26 System.'

28 Further amend the amendment by relettering or renumbering
any nonconsecutive Part letter or section number to read
30 consecutively.

32 **FISCAL NOTE**

34 1995-96 1996-97

36 **APPROPRIATIONS/ALLOCATIONS**

38 General Fund \$10,800 \$7,200

40 The Maine State Retirement System will require additional
42 General Fund appropriations of \$10,800 and \$7,200 in fiscal years
1995-96 and 1996-97, respectively, for the costs to continue
44 erroneous disability retirement benefits if the original error
was made by the system. Since the Constitution of Maine
46 prohibits the creation of unfunded liabilities, future annual
appropriations of at least \$7,200 will also be required. The
actual amount required by the Maine State Retirement System may
48 need to be increased depending on the number of cases in which

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these types of errors have occurred. Any such costs will require funding prior to the costs being incurred.

SUMMARY

This amendment places the financial burden of erroneous disability benefit overpayments due solely to a mistake of the Maine State Retirement System on the Maine State Retirement System, rather than on the recipient of the benefit who has come to rely on the mistake, if the overpayments have continued for at least 10 years. The amendment applies to disability retirement benefits paid on or after January 1, 1995.

The amendment also adds an appropriation section to the bill.

SPONSORED BY: John F. Mayo 111
(Representative MAYO)

TOWN: Bath