

MAINE STATE LEGISLATURE

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L.D. 1847

DATE: April 3, 1998

(Filing No. S-717)

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STATE OF MAINE
SENATE
118TH LEGISLATURE
SECOND SPECIAL SESSION

SENATE AMENDMENT "C" to H.P. 1304, L.D. 1847, Bill, "An Act to Modify the Retirement Laws for the 38th Training Troop of the Maine State Police"

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

'An Act to Modify the Retirement Laws for Certain Law Enforcement Officers'

Further amend the bill by inserting after the title and before the enacting clause the following:

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

Whereas, the full actuarial costs of modification of retirement laws for certain law enforcement officers must be paid before those provisions can become law;

Whereas, the Legislature desires to create a Service Retirement Benefit Reserve in the General Fund in order to accrue sufficient funds to pay those full actuarial costs, and further desires to fund that reserve with money otherwise payable to the Retirement Allowance Fund from unappropriated surplus at the close of fiscal year 1997-98;

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 necessary for the preservation of the public peace, health and safety; now, therefore, '

2 Further amend the bill by inserting after section 3 the
following:

4 **Sec. 4. Service Retirement Benefit Reserve; established.**

6 Notwithstanding the Maine Revised Statutes, Title 5, section
1517, there is established in the General Fund the Service
8 Retirement Benefit Reserve for the purpose of accumulating funds
that would otherwise be payable to the Retirement Allowance
10 Fund. The Service Retirement Benefit Reserve must be used to
reserve funds that, at the sole discretion of the Legislature,
12 may be appropriated to meet the full actuarial costs arising from
the implementation of sections 1 to 3 of this Act. Any funds
14 remaining in the Service Retirement Benefit Reserve at the end of
each fiscal year must be carried forward to be used for the same
16 purposes. Expenditures may not be made from this reserve and
appropriations may not be considered to be made to the Retirement
18 Allowance Fund or the Maine State Retirement System from this
reserve, without a further authorization of the Legislature.

20 **Sec. 5. Funding of Service Retirement Benefit Reserve.**

22 Notwithstanding the provisions of the Maine Revised Statutes,
Title 5, section 1517, the following provisions control the
24 transfer of funds that would otherwise qualify for transfer of
the Retirement Allowance Fund from unappropriated surplus of the
26 General Fund. At the close of fiscal year 1997-98 and fiscal
year 1998-99, the State Controller shall transfer from the
28 unappropriated surplus of the General Fund money to the
Retirement Allowance Fund that satisfies the requirements of
30 Public Law 1997, chapter 643, Part X, section 1. Any excess
remaining funds that would otherwise qualify for transfer to the
32 Retirement Allowance Fund under Title 5, section 1517 must
instead be transferred to the Service Retirement Benefit Reserve
34 established in section 4 of this Act, up to the amount of
\$2,820,000, or any additional amount certified by the Maine State
36 Retirement System as the full actuarial cost of implementing
sections 1 to 3 of this Act. Any remaining funds not needed to
38 meet the requirements described in this section must be
transferred to the Retirement Allowance Fund for the purposes
40 described in Title 5, section 1517.

42 **Sec. 6. Effective date.** The provisions of sections 1 to 3 of
this Act do not take effect unless and until the Legislature
44 takes additional action to direct payment of the full actuarial
costs of those provisions to the Maine State Retirement System.
46 The full actuarial costs of those provisions are currently
estimated to be \$2,820,000 if paid by July 1, 1998, but must be
48 adjusted upward if paid after that date. Sections 1 to 3 may not
be construed to create any contractual claim or right or any

other claim for any state employee. Sections 4 and 5 and this section of this Act become effective immediately upon enactment.

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

Further amend the bill by inserting at the end before the summary the following:

FISCAL NOTE

This bill allows certain state police officers to be eligible for a special retirement plan without requiring the individual members to pay the full actuarial value of that benefit. Since the Constitution of Maine, Article IX, Section 18-A prohibits the creation of unfunded liabilities except those that result from experience losses, the bill requires that certain year-end transfers or appropriations required by existing law be used to fund those costs by transferring those amounts into the Service Retirement Benefit Reserve. When the full actuarial liability costs have accumulated in the reserve, a General Fund appropriation from the Service Retirement Benefit Reserve to the Maine State Retirement System will be made to pay the required amounts. The bill clarifies that the laws enacting these retirement provision changes will not take effect until the full actuarial costs have been paid. These costs are estimated to be \$2,820,000, if paid in fiscal year 1998-99.

The shift in the membership from one plan to the other has no net impact on the normal cost component of the retirement rate and no additional ongoing retirement costs to the Department of Public Safety will result.'

SUMMARY

This amendment authorizes the creation of the General Fund Service Retirement Benefit Reserve for the purpose of accumulating the funds necessary to pay the full actuarial costs of a change in the retirement plan for the Maine State Police 38th Training Troop. The amendment diverts unappropriated surplus otherwise payable to the Retirement Allowance Fund under the Maine Revised Statutes, Title 5, section 1517 to this reserve fund in an amount up to \$2,820,000 or any greater amount certified by the Maine State Retirement System as the full actuarial cost of this change.

The amendment also establishes that those retirement plan changes will not take effect unless and until the Legislature

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2 takes additional action to direct payment of the full actuarial
costs to the Maine State Retirement System. No contractual claim
4 or right or any other claim is created by this law for any state
employee.

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8 SPONSORED BY: *Sen Michael Michaud*

(Senator MICHAUD) *JMB*

10 COUNTY: Penobscot
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