

MAINE STATE LEGISLATURE

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MINORITY LABOR

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STATE OF MAINE HOUSE OF REPRESENTATIVES 118TH LEGISLATURE SECOND REGULAR SESSION

COMMITTEE AMENDMENT "B" to H.P. 1524, L.D. 2146, Bill, "An Act to Amend the Laws Concerning Participating Local Districts in the Maine State Retirement System"

Amend the bill in section 4 in that part designated "§18252-A." in subsection 1 in paragraph A by striking out all of divisions (b) and (c) (page 2, lines 13 to 25 in L.D.) and inserting in their place the following:

'(b) An employee who elects under division (a) to be covered under a plan provided by the employer under section 18252-B may later elect to again become a member under the retirement system, unless to so elect would have the effect of requiring the employer, without the employer's agreement, to make an employer contribution to both the retirement system and the plan provided by the employer under section 18252-B.

(c) An employee who elects under division (b) to again become a member of the retirement system may not pay contributions or pick-up contributions or receive service credit for the period during which the employee elected not to be a member under the retirement system. The employee may, in accordance with section 18304, repay contributions withdrawn under division (a) and may, as permitted under other relevant retirement system law, rule and policy, repay other refunded contributions.'

Further amend the bill in section 4 in that part designated "§18252-A." in subsection 1 in paragraph B by striking out all of the first 5 lines (page 3, lines 14 to 18 in L.D.) and inserting in their place the following:

COMMITTEE AMENDMENT

R. d. d.

2 'B. An employee of the participating local district who is
4 a member under the retirement system on the date on which
6 the employer provides a plan under section 18252-B may elect
 to remain a member under the retirement system or to become
 covered under a plan provided by the employer under section
 18252-B.'

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10 Further amend the bill in section 4 in that part designated
12 "§18252-A." in subsection 1 in paragraph B in subparagraph (2) by
 striking out all of division (b) (page 3, lines 41 to 48 in L.D.)
 and inserting in its place the following:

14 '(b) An employee who rejoins the retirement system
16 under this subparagraph may not pay contributions or
18 pick-up contributions or receive service credit for the
20 period during which the employee elected not to be a
22 member under the retirement system. The employee may,
24 in accordance with section 18304, repay contributions
 refunded under subparagraph (1), unless to so elect
 would have the effect of requiring the employer,
 without the employer's agreement, to make an employer
 contribution to both the retirement system and the plan
 provided by the employer under section 18252-B.'

26 Further amend the bill in section 4 in that part designated
28 "§18252-B." by striking out all of subsections 1 to 6 and
 inserting in their place the following:

30 '1. Employer-provided plan includes social security. The
32 plan must include a combination of coverage under the United
34 States Social Security Act and coverage under either a defined
36 contribution plan that meets the requirements of United States
 Internal Revenue Code, Section 401(a) or a deferred compensation
 plan that meets the requirements of United States Internal
 Revenue Code, Section 457 or under both plans.

38 2. Employer contribution. The employer and employee may
40 contribute to the defined contribution plan or deferred
42 compensation plan, or both, as a percentage of compensation on
44 behalf of each participating employee in each pay period an
 amount determined by collective bargaining or otherwise
 determined by the employer and employee subject to the applicable
 contributions limits of federal law.

46 3. Education. The employer must provide for employees to
48 whom section 18252-A applies an education program tailored to the
50 provisions of the combined social security and defined
 contribution plan or deferred compensation plan and that meets
 the requirements of federal law for education programs for

COMMITTEE AMENDMENT

defined contribution plans or deferred compensation plans.

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4. Change or termination of plan. Provided that any changed employer-provided plan must include coverage under the United States Social Security Act and except with respect to current employees covered under the employer-provided plan and with respect to persons receiving benefits under the employer-provided plan, the employer may change or terminate that plan at any time, to the extent that change or termination is not prohibited by other law. The employer may allow current employees covered under the employer-provided plan the choice to instead be covered under the changed plan.

A. Section 18252-A, subsection 1, paragraph A applies to an employee hired or rehired by the employer after the employer changes its plan.

B. If, after plan termination, the employer no longer provides a plan under this section, an employee hired or rehired after termination must be a member under the retirement system.

C. Section 18252-A, subsection 1, paragraph B applies to an employee who is a member under the retirement system at the time of the change, except that an employee who has previously exhausted the elections available under section 18252-A, subsection 1, paragraph B and who elects to be covered under the plan provided by the employer under this subsection may not later become a member under the retirement system while employed by the same participating local district.'

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

FISCAL NOTE

The additional costs associated with processing membership changes for employees of participating local districts can be absorbed by the Maine State Retirement System utilizing existing budgeted resources.'

SUMMARY

This amendment modifies the retirement plan that a participating local district or "PLD" may offer as provided in the bill. Under the amendment, the plan that a PLD may offer to its employees as an option to participation in the Maine State

COMMITTEE AMENDMENT "B" to H.P. 1524, L.D. 2146

2 Retirement System must be based on Social Security and may be
3 supplemented by either a defined contribution plan or a deferred
4 compensation plan, or both. The amendment also makes several
5 technical changes in the bill recommended by the Participating
6 Local District Advisory Committee regarding the election of PLD
7 employees to participate in an alternative retirement plan. The
8 amendment eliminates the requirements for a disability benefit
9 program offered by the employer since participation in Social
10 Security provides disability coverage. The amendment also adds a
fiscal note to the bill.

COMMITTEE AMENDMENT