

MAINE STATE LEGISLATURE

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R. 0. 8.

L.D. 267

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DATE: 5-24-99

(Filing No. H-670)

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
119TH LEGISLATURE
FIRST REGULAR SESSION**

HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 189, L.D. 267, Bill, "An Act to Amend the Laws Relative to Vesting in the Maine State Retirement System"

Amend the amendment by striking out all of the fiscal note (page 19, lines 19 to 50 and page 20, lines 1 to 34 in amendment) and inserting in its place the following:

FISCAL NOTE

1999-00

2000-01

APPROPRIATIONS/ALLOCATIONS

General Fund	\$1,576,676	\$527,296
Highway Fund	113,306	34,317

This bill lowers from 10 years to 5 years the amount of creditable service needed for state employees and teachers who are in service or become employed on or after October 1, 1999, and in some cases, employees who return to service after October 1, 1999, to be eligible to receive a service retirement benefit at the applicable normal retirement age at which they qualify for benefits. The bill also establishes that certain aspects of the retirement plan become protected once employees have accumulated the required amount of creditable service, which, among other protections, statutorily prevents the State from reducing the calculation of the value of retirement benefits. For these employees, only benefits or related provisions that are not protected by this bill may be changed. The State may reduce the calculation of the value of benefits for members who have not met the minimum creditable service requirements for benefits.

HOUSE AMENDMENT

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HOUSE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to H.P. 189, L.D.
267

2 The change from 10 to 5 years will increase the unfunded
liability of the Maine State Retirement System by \$1,482,000.
4 Since the Constitution of Maine, Article IX, Section 18-A,
prohibits the creation of unfunded liabilities except those that
6 result from experience losses, the bill includes a General Fund
appropriation and a Highway Fund allocation of \$229,605 and
8 \$84,860, respectively, to the Maine State Retirement System in
fiscal year 1999-00 for the portion of the unfunded liability
10 attributable to state employees and a General Fund appropriation
of \$968,000 to the Teacher Retirement account in the Department
12 of Education in fiscal year 1999-00 for the portion of the
unfunded liability attributable to teachers. The cost to
14 accounts in other funds, estimated to be \$199,535, may require
increased allotments to meet these additional personal services
16 expenditures.

18 These benefit changes will also increase the normal cost
component of the employer contribution rate by an additional
20 0.05% of salaries for state employees and teachers, resulting in
increased employer contributions to the Maine State Retirement
22 System of \$473,139 in fiscal year 1999-00 and \$651,139 in fiscal
year 2000-01. Additional General Fund appropriations of \$301,577
24 and \$424,884 in fiscal years 1999-00 and 2000-01, respectively,
are included to fund the teachers' retirement portion. The
26 estimated employer costs to the General Fund for state employees
in fiscal years 1999-00 and 2000-01, respectively, are estimated
28 to be \$77,494 and \$102,412. Estimated employer costs to the
Highway Fund for state employees for this same period are \$28,446
30 and \$34,317. General Fund appropriations and Highway Fund
allocations in these amounts are included to provide funds in the
32 salary plan reserve accounts in the event that the increase in
the employer retirement contribution rates and other personal
34 services expenses exceed the allotments in General Fund and
Highway Fund accounts during fiscal years 1999-00 and 2000-01.
36 The cost to accounts in other funds, estimated to be \$65,622 and
\$89,526 in fiscal years 1999-00 and 2000-01, may require
38 increased allotments to meet these additional personal services
expenditures. Those increases necessary to meet the additional
40 expenditures are to be authorized by financial order.'

R. 0. 8.

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SUMMARY

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This amendment replaces the original fiscal note in order to
correctly reflect the impact of the committee amendment.

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SPONSORED BY: 
(Representative HATCH)

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TOWN: Skowhegan

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