

MAINE STATE LEGISLATURE

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R 108

L.D. 1376

DATE: 5-26-99

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LABOR

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

COMMITTEE AMENDMENT "A" to H.P. 978, L.D. 1376, Bill, "An Act to Amend the Retirement Benefit Qualifications for Department of Corrections Employees"

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

'An Act to Expand the Uniform 1998 Special Retirement Plan to Include Baxter State Park Authority Rangers, Fire Marshals and Certain Additional Correctional Employees'

Further amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

'Sec. 1. 5 MRSA §17851, sub-§11, ¶B, as amended by PL 1991, c. 857, §2, is further amended to read:

B. Was employed in one of those capacities after August 31, 1984 and before January 1, 2000 and completed 25 years of creditable service in one or more of those capacities.

Sec. 2. 5 MRSA §17851, sub-§12, as enacted by PL 1995, c. 466, Pt. C, §2, is amended to read:

12. Baxter State Park Authority rangers; option. --A- Except as provided in section 17851-A, a law enforcement officer in the employment of the Baxter State Park Authority qualifies for a service retirement benefit upon reaching 55 years of age after completing at least 25 years of creditable service in that capacity if notice of election of the option and payment of employee contributions and actuarial costs are made as provided in section 17852, subsection 11.

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Sec. 3. 5 MRSA §17851, sub-§13, as enacted by PL 1997, c. 401, §2, is amended to read:

13. Fire marshals; option. -A- Except as provided in section 17851-A, a state fire marshal, state fire marshal investigator or state fire marshal inspector qualifies for a service retirement benefit upon reaching 55 years of age after completing at least 25 years of creditable service in that capacity if notice of election of the option and payment of employee contributions and actuarial costs are made as provided in section 17852, subsection 13.

Sec. 4. 5 MRSA §17851-A, sub-§1, ¶E, as enacted by PL 1997, c. 769, §11, is amended to read:

E. Maine State Prison employees to whom section 17851, subsection 11, paragraph B applies and who were employed after August 31, 1984 and before January 1, 2000;

Sec. 5. 5 MRSA §17851-A, sub-§1, ¶¶G and H, as enacted by PL 1997, c. 769, §11, are amended to read:

G. Liquor inspectors, including the Chief Inspector, in the employment of the Department of Public Safety, Bureau of Liquor Enforcement on July 1, 1998, or hired thereafter; and

H. Firefighters in the employment of the Department of Defense, Veterans and Emergency Management at Bangor International Airport on July 1, 1998, or hired thereafter, provided the Federal Government pays annually to the retirement system the full employer cost of the participation of these employees.

Sec. 6. 5 MRSA §17851-A, sub-§1, ¶¶I, J and K are enacted to read:

I. Employees of the Department of Corrections on January 1, 2000 or hired thereafter, other than those described in paragraph E, who are employed in a correctional facility, as defined in Title 34-A, section 1001; or those whose duties involve contact with prisoners, probationers, parolees or juvenile offenders or any person employed as the supervisor of those employees;

J. Law enforcement officers in the employment of the Baxter State Park Authority on January 1, 2000 or hired thereafter; and

2 K. The State Fire Marshal or a state fire marshal
3 investigator or state fire marshal inspector in the
4 employment of the Department of Public Safety on January 1,
5 2000 or hired thereafter.

6 **Sec. 7. 5 MRSA §17851-A, sub-§2,** as enacted by PL 1997, c.
7 769, §11, is amended to read:

8
9 **2. Qualification for benefits.** A member employed in any
10 one or a combination of the capacities specified in subsection 1
11 after June 30, 1998 for employees identified in subsection 1,
12 paragraphs A to H and after December 31, 1999 for employees
13 identified in subsection 1, paragraphs I to K, qualifies for a
14 service retirement benefit if that member either:

15 A. Is at least 55 years of age and has completed at least
16 10 years of creditable service under the 1998 Special Plan
17 in any one or a combination of the capacities; or

18
19 B. Has completed at least 25 years of creditable service in
20 any one or a combination of the capacities specified in
21 subsection 1, whether or not the creditable service included
22 in determining that the 25-year requirement has been met was
23 earned under the 1998 Special Plan or prior to its
24 establishment.

25
26 **Sec. 8. 5 MRSA §17851-A, sub-§3, ¶A,** as enacted by PL 1997, c.
27 769, §11, is amended to read:

28
29 A. For the purpose of meeting the qualification requirement
30 of subsection 2, paragraph A:

31
32 (1) Service credit purchased by repayment of an
33 earlier refund of accumulated contributions following
34 termination of service is included only to the extent
35 that time to which the refund relates was served after
36 June 30, 1998 for employees identified in subsection 1,
37 paragraphs A to H and after December 31, 1999 for
38 employees identified in subsection 1, paragraphs I to
39 K, in any one or a combination of the capacities
40 specified in subsection 1; and

41
42 (2) Service credit purchased other than as provided
43 under subparagraph (1), including but not limited to
44 service credit for military service, is not included.

45
46 **Sec. 9. 5 MRSA §17851-A, sub-§§4 and 5,** as enacted by PL 1997,
47 c. 769, §11, are amended to read:

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2 **4. Computation of benefits.** The amount of the service
retirement benefit for members qualified under subsection 2 must
be computed as follows:

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6 A. If all of the member's creditable service in any one or
a combination of the capacities specified in subsection 1
was earned after June 30, 1998 for employees identified in
8 subsection 1, paragraphs A to H and after December 31, 1999
for employees identified in subsection 1, paragraphs I to K
10 or if service credit was purchased by repayment of an
earlier refund of accumulated contributions for service
12 after June 30, 1998 for employees identified in subsection
1, paragraphs A to H and after December 31, 1999 for
14 employees identified in subsection 1, paragraphs I to K, in
any one or a combination of the capacities specified in
16 subsection 1, or if service credit was purchased by other
than the repayment of an earlier refund and eligibility to
18 make the purchase of the service credit, including but not
limited to service credit for military service, was achieved
20 after June 30, 1998 for employees identified in subsection
1, paragraphs A to H and after December 31, 1999 for
22 employees identified in subsection 1, paragraphs I to K, the
benefit must be computed as provided in section 17852,
24 subsection 1. If the member had 10 years of creditable
service on July 1, 1993, the benefit must be reduced as
26 provided in section 17852, subsection 3, paragraphs A and B,
and if the member had ~~less~~ fewer than 10 years of creditable
28 service on July 1, 1993, the benefit must be reduced by 6%
for each year that the member's age precedes age 55.

30
32 B. Except as provided in paragraphs C and D, if some part
of the member's creditable service in any one or a
34 combination of the capacities specified in subsection 1 was
earned before July 1, 1998 for employees identified in
36 subsection 1, paragraphs A to H and before January 1, 2000
for employees identified in subsection 1, paragraphs I to K
38 and some part of the member's creditable service in any one
or a combination of the capacities specified in subsection 1
was earned after June 30, 1998, for employees identified in
40 subsection 1, paragraphs A to H and after December 31, 1999
for employees identified in subsection 1, paragraphs I to K
42 then the member's service retirement benefit must be
computed in segments and the amount of the member's service
44 retirement benefit is the sum of the segments. The segments
must be computed as follows:

46 (1) The segment or, if the member served in more than
48 one of the capacities specified in subsection 1 and the
benefits related to the capacities are not
50 interchangeable under section 17856, segments that

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2 reflect creditable service earned before July 1, 1998
3 for employees identified in subsection 1, paragraphs A
4 to H and before January 1, 2000 for employees
5 identified in subsection 1, paragraphs I to K or
6 purchased by repayment of an earlier refund of
7 accumulated contributions for service before July 1,
8 1998, for employees identified in subsection 1,
9 paragraphs A to H and before January 1, 2000 for
10 employees identified in subsection 1, paragraphs I to K
11 in a capacity or capacities specified in subsection 1,
12 or purchased by other than the repayment of a refund
13 and eligibility to make the purchase of the service
14 credit, including, but not limited to, service credit
15 for military service, was achieved before July 1, 1998,
16 for employees identified in subsection 1, paragraphs A
17 to H and before January 1, 2000 for employees
18 identified in subsection 1, paragraphs I to R must be
19 computed under section 17852, subsection 1. If the
20 member had 10 years of creditable service on July 1,
21 1993, the amount of the segment or segments must be
22 reduced as provided in section 17852, subsection 3,
23 paragraphs A and B and, if the member had less fewer
24 than 10 years of creditable service on July 1, 1993,
25 the amount of the segment or segments must be reduced
26 as provided in section 17852, subsection 3-A; and

27 (2) The segment that reflects creditable service
28 earned after June 30, 1998, for employees identified in
29 subsection 1, paragraphs A to H and after December 31,
30 1999 for employees identified in subsection 1,
31 paragraphs I to K or purchased by repayment of an
32 earlier refund of accumulated contributions for service
33 after June 30, 1998, for employees identified in
34 subsection 1, paragraphs A to H and after December 31,
35 1999 for employees identified in subsection 1,
36 paragraphs I to K in any one or a combination of the
37 capacities specified in subsection 1, or purchased by
38 other than the repayment of a refund and eligibility to
39 make the purchase of the service credit, including, but
40 not limited to, service credit for military service,
41 was achieved after June 30, 1998, for employees
42 identified in subsection 1, paragraphs A to H and after
43 December 31, 1999 for employees identified in
44 subsection 1, paragraphs I to K must be computed under
45 section 17852, subsection 1. If the member had 10
46 years of creditable service on July 1, 1993, the
47 segment amount must be reduced in the manner provided
48 in section 17852, subsection 3, paragraphs A and B for
49 each year that the member's age precedes age 55 and, if
50 the member had less fewer than 10 years of creditable

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service on July 1, 1993, the segment amount must be reduced by 6% for each year that the member's age precedes age 55.

C. The service retirement benefit of a member who is a state police officer to whom subsection 1, paragraph D applies and who qualifies for service retirement benefits under subsection 2, paragraph B must be computed under section 17852, subsection 1 on the basis of all of the member's creditable service in the capacity specified in subsection 1, paragraph D regardless of whether the creditable service was earned before, on or after July 1, 1998, except that if the member had 10 years of service on July 1, 1993, the benefit must be reduced as provided in section 17852, subsection 4, paragraph C, subparagraphs (1) and (2) and, if the member had less fewer than 10 years of creditable service on July 1, 1993, the benefit must be reduced as provided in section 17852, subsection 4, paragraph C-1.

D. The service retirement benefit of a member who is a Maine State Prison employee to whom subsection 1, paragraph E applies and who qualifies for service retirement benefits under subsection 2, paragraph B must be computed under section 17852, subsection 1 on the basis of all of the member's creditable service in the capacity specified in subsection 1, paragraph E regardless of whether the creditable service was earned before, on or after July 1, 1998, except that, if the member had 10 years of service on July 1, 1993, the benefit must be reduced as provided in section 17852, subsection 10, paragraph C, subparagraphs (1) and (2) and, if the member had less fewer than 10 years of creditable service on July 1, 1993, the benefit must be reduced as provided in section 17852, subsection 10, paragraph C-1.

5. **Contributions.** Notwithstanding any other provision of subchapter III, after June 30, 1998, for employees identified in subsection 1, paragraphs A to H, and after December 31, 1999, for employees identified in subsection 1, paragraphs I to K a member in the capacities specified in subsection 1 must contribute to the retirement system or have pick-up contributions made at the rate of 8.65% of earnable compensation until the member has completed 25 years of creditable service as provided in this section and at the rate of 7.65% thereafter.

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Sec. 10. 5 MRSA §17851-A, sub-§6-A is enacted to read:

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6-A. Consequences of participation in retirement plan under section 17851, subsection 12 or 13. A member in the capacities specified in subsection 1, paragraphs J and K who, prior to January 1, 2000, elected the retirement option provided in section 17851, subsection 12 or 13 is treated as follows under the 1998 Special Plan.

A. A member who made the election at the time of first employment in a position covered under section 17851, subsection 12 or 13 is considered to be a member under the 1998 Special Plan as of the date of hire. Beginning January 1, 2000, a member covered by this paragraph shall contribute to the retirement system or have pick-up contributions made at a rate of 8.65% of earnable compensation until completion of 25 years of creditable service and shall contribute at a rate of 7.65% thereafter.

B. A member who was serving in a position covered under section 17851, subsection 12 or 13 at the time of the election and who elected to participate in the retirement option prospectively from the time of election is considered to be a member under the 1998 Special Plan as of the effective date of the election. Beginning January 1, 2000, a member covered by this paragraph shall contribute to the retirement system or have pick-up contributions made at a rate of 8.65% of earnable compensation until completion of 25 years of creditable service and shall contribute at a rate of 7.65% thereafter.

C. A member who was serving in a position covered under section 17851, subsection 12 or 13 at the time of the election and who elected to participate in the retirement option prospectively from the time of election and also elected to purchase credit for service earned while serving in the same capacity before exercising the election is considered to be a member under the 1998 Special Plan as of the beginning date of the service for which credit is purchased, provided that all of the payments required under section 17852, subsection 12 or 13 are made before retirement. If all the required payments are not made before retirement, that member is considered to be a member under the 1998 Special Plan as of the effective date of the election. Beginning January 1, 2000, for employees identified in subsection 1, paragraphs J and K, a member covered by this paragraph shall contribute to the retirement system or have pick-up contributions made at a rate of 8.65%

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2 of earnable compensation until completion of 25 years of
3 creditable service and shall contribute at a rate of 7.65%
4 thereafter.

5 Employee contributions and actuarial and administrative costs
6 paid to the retirement system by a member covered by this
7 subsection may not be returned to that member, except that these
8 employee contributions may be refunded to a member who terminates
9 service and requests a refund under section 17705.

10 **Sec. 11. 5 MRSA §17852, sub-§11**, as amended by PL 1995, c.
11 624, §11, is further amended by amending the first paragraph to
12 read:

13 **11. Baxter State Park Authority rangers; option.** The
14 Except as provided in section 17851-A, the retirement benefit of
15 a person who qualifies under section 17851, subsection 12 and who
16 retires upon or after reaching 55 years of age is computed in
17 accordance with subsection 1 if:

18 **Sec. 12. 5 MRSA §17852, sub-§12**, as enacted by PL 1995, c.
19 624, §12, is amended by amending the first paragraph to read:

20 **12. Baxter State Park Authority rangers exercising option;**
21 **retirement before 55 years of age.** ~~For~~ Except as provided in
22 section 17851-A, for a person exercising the option provided in
23 section 17851, subsection 12, who makes the payments required in
24 subsection 11, and who retires before reaching 55 years of age,
25 the retirement benefit is determined as follows.

26 **Sec. 13. 5 MRSA §17852, sub-§13**, as amended by PL 1997, c.
27 683, Pt. C, §1 and affected by §2, is further amended by amending
28 the first paragraph to read:

29 **13. Fire marshals; option.** The Except as provided in
30 section 17851-A, the retirement benefit of a person who qualifies
31 under section 17851, subsection 13 and who retires upon or after
32 reaching 55 years of age is computed in accordance with
33 subsection 1 if:

34 **Sec. 14. 5 MRSA §17852, sub-§14**, as enacted by PL 1997, c.
35 401, §3, is amended by amending the first paragraph to read:

36 **14. Fire marshals exercising option; retirement before 55**
37 **years of age.** ~~For~~ Except as provided in section 17851-A, for a
38 person exercising the option provided in section 17851,
39 subsection 13 who makes the payments required in subsection 13
40 and who retires before reaching 55 years of age, the retirement
41 benefit is determined as follows.

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constitute appropriated
funds. The funds here
specified constitute
estimates and not
appropriated funds.'

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

FISCAL NOTE

	1999-00	2000-01
APPROPRIATIONS/ALLOCATIONS		
General Fund	\$98,635	\$200,200

This bill allows certain law enforcement and other state employees to be covered under the provisions of the 1998 Special Retirement Plan effective January 1, 2000. Since this change is being made on a prospective basis, it will not increase the unfunded liability of the Maine State Retirement System and, as such, will not violate the Constitution of Maine, Article IX, Section 18-A, which prohibits the creation of unfunded liabilities except those that result from experience losses.

The placement of these employee groups, which are currently in the state regular retirement plan, into the 1998 Special Retirement Plan, will increase the normal cost component of the employer contribution rate for these groups from the regular plan normal cost rate of 6.00% to the 1998 special plan normal cost rate of 6.85%. This 0.85% increase is applied to the salaries of certain identified positions within the Department of Corrections and the Office of the State Fire Marshal, within the Department of Public Safety, and to salaries of law enforcement officers of the Baxter State Park Authority. This will increase employer contributions to the Maine State Retirement System by these departments and the authority by amounts estimated to be \$102,935 and \$208,900 in fiscal years 1999-00 and 2000-01, respectively. General Fund appropriations of \$98,635 and \$200,200 in fiscal years 1999-00 and 2000-01, respectively, are included to provide funds in the salary plan account to be held in reserve in the event that the increase in the employer retirement contribution rates exceed the allotments in General Fund accounts during those fiscal years. The cost to accounts in other funds, estimated to

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be \$4,300 in fiscal year 1999-00 and \$8,700 in fiscal year 2000-01, may require increased allotments to meet these additional personal services expenditures.

The additional costs associated with processing membership changes related to the expansion of the 1998 Special Retirement Plan will be absorbed by the Maine State Retirement System utilizing existing budgeted resources.'

SUMMARY

This amendment replaces the bill and extends coverage of the 1998 special retirement plan. In addition to several other categories of law enforcement and public safety employees, the special plan enacted last year covered Maine State Prison employees having contact with prisoners. The amendment provides coverage under the special plan for Department of Corrections employees working inside other correctional facilities, departmental employees working outside correctional facilities having contact with prisoners, parolees, probationers and juvenile offenders, and employees of the department supervising such employees.

The amendment also extends special plan coverage to Baxter State Park Authority rangers, the State Fire Marshal, fire marshal inspectors and fire marshal investigators. All of the changes provided in the amendment begin January 1, 2000.

The amendment also adds an appropriation section and a fiscal note to the bill.

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