

MAINE STATE LEGISLATURE

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H. of S.

L.D. 2318

DATE: 4-6-00

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

COMMITTEE AMENDMENT "A" to H.P. 1649, L.D. 2318, Bill, "An Act Concerning Eligibility Requirements for State Employees in the Purchase of Military Service Credits"

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

'An Act Concerning Eligibility Requirements for State Employees, Teachers and Participating Local District Employees to Purchase Military Service Credit'

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'Sec. 1. 5 MRSA §17713, sub-§2, ¶A, as repealed and replaced by PL 1993, c. 349, §16, is amended to read:

A. If the member qualifies under section 17760, subsection 2, contributions must be calculated at the percentage rate required of active members during the period of time covered by the service in the armed forces applied to the member's earnable compensation during the first year as an employee after service in the armed forces, under the following terms and conditions:

(1) If 2 or more percentage rates were in effect during the period of service in the armed forces, the highest percentage rate must be used;

(2) The minimum rate is 5%; and

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2 (3) Interest at a rate set by the board not to exceed
3 regular interest by 2 or more percentage points must be
4 paid on the unpaid balance beginning January 1, 1976,
5 or the later of either the date of attaining 15 5 years
6 of creditable service or the date first subject to the
7 provisions of this subparagraph, if later, to the date
8 payment is made.

10 **Sec. 2. 5 MRSA §17760, sub-§2, ¶A**, as enacted by PL 1985, c.
11 801, §§5 and 7, is amended to read:

12 A. On the date of retirement, the member must have at least
13 15 5 years of creditable service.

14 **Sec. 3. 5 MRSA §17760, sub-§2, ¶D**, as enacted by PL 1985, c.
15 801, §§5 and 7, is repealed.

16 **Sec. 4. 5 MRSA §17760, sub-§2, ¶E**, as amended by PL 1989, c.
17 907, §3, is repealed.

18 **Sec. 5. 5 MRSA §18311, sub-§2, ¶A**, as amended by PL 1991, c.
19 23, §1, is further amended to read:

20 A. If the member qualifies under section 18360, subsection
21 2, contributions are calculated at the percentage rate
22 required of active members during the period of time covered
23 by the service in the armed forces applied to the member's
24 earnable compensation during the first year as an employee
25 subsequent to service in the armed forces under the
26 following terms and conditions:

27 (1) If 2 or more percentage rates were in effect
28 during the period of service in the armed forces, the
29 highest percentage rate is used;

30 (2) The minimum rate is 5%; and

31 (3) Interest at a rate set by the board not to exceed
32 regular interest by 2 or more percentage points is paid
33 on the unpaid balance beginning January 1, 1976, or the
34 later of either the date of attaining 15 5 years
35 of creditable service or the date first subject to the
36 provisions of this subparagraph, if later, to the date
37 payment is made.

38 **Sec. 6. 5 MRSA §18360, sub-§2, ¶A**, as enacted by PL 1985, c.
39 801, §§5 and 7, is amended to read:

40 A. On the date of retirement, the member must have at least
41 15 5 years of creditable service.

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requirements for teachers in the purchase of military credits.

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**DEPARTMENT OF EDUCATION
TOTAL**

\$75,000

6

MAINE STATE RETIREMENT SYSTEM

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Retirement Allowance Fund

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All Other

\$279,822

12

Provides funds for the unfunded liability costs related to changing the eligibility requirements for state employees in the purchase of military credits.

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**MAINE STATE RETIREMENT SYSTEM
TOTAL**

\$279,822

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TOTAL APPROPRIATIONS

\$354,822

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Sec. 13. Allocation. The following funds are allocated from the Highway Fund to carry out the purposes of this Act.

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2000-01

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MAINE STATE RETIREMENT SYSTEM

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Retirement Allowance Fund

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All Other

\$103,290

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Provides funds for the unfunded liability costs related to changing the eligibility requirements for state employees in the purchase of military credits.'

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

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FISCAL NOTE

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2000-01

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APPROPRIATIONS/ALLOCATIONS

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General Fund

\$354,822

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Highway Fund

103,290

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Changing the eligibility requirements for state employees in the purchase of military credits will increase the unfunded liability of the Maine State Retirement System by \$701,000 in fiscal year 2000-01. Since the Constitution of Maine, Article IX, Section 18-A, prohibits the creation of unfunded liabilities except those that result from experience losses, this bill includes a one-time General Fund appropriation of \$279,822 and a Highway Fund allocation of \$103,290 in fiscal year 2000-01 to the Maine State Retirement System for the portion of the unfunded liability attributable to state employees and a General Fund appropriation of \$75,000 to the Teacher Retirement account in the Department of Education in fiscal year 2000-01 for the portion of the unfunded liability attributable to teachers. The cost to accounts in other funds, estimated to be \$242,888, may require increased allotments to meet these additional personal services expenditures.

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The unfunded liability associated with participating local districts will be paid from funds previously made available to the Maine State Retirement System for this purpose.'

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SUMMARY

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This amendment strikes from the bill provisions that would have allowed a member of the Maine State Retirement System who was dishonorably discharged from the military to purchase credit for that military service if the discharge was upgraded through a program of general amnesty. Current law prohibits purchase of credit for military service if a dishonorable discharge was issued. The amendment also applies the provisions of the bill to members of the retirement system through participating local districts.

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The amendment also adds a fiscal note to the bill.