MAINE STATE LEGISLATURE

The following document is provided by the

LAW AND LEGISLATIVE DIGITAL LIBRARY

at the Maine State Law and Legislative Reference Library

http://legislature.maine.gov/lawlib



Reproduced from scanned originals with text recognition applied (searchable text may contain some errors and/or omissions)



2	DATE: 45 2000 (Filing No. S-645)
4	ijo i sa
6	LABOR
8	Reported by:
10	Reproduced and distributed under the direction of the Secretary of the Senate.
12	STATE OF MAINE
14	SENATE 119TH LEGISLATURE
16	SECOND REGULAR SESSION
18	COMMITTEE AMENDMENT "C" to S.P. 911, L.D. 2363, Bill, "An
20	Act Regarding Length of Service for Retirement Benefits for State Police Officers"
22	Amend the bill by inserting after the enacting clause and
24	before section 1 the following:
26	'Sec. 1. 5 MRSA §17001, sub-§23, as enacted by PL 1985, c. 801, §§5 and 7, is amended to read:
28	23. Normal retirement age. "Normal retirement age" means
30	the specified age, the years of service requirement or any combination of age and years of service requirements at which a
32	member becomes eligible for retirement benefits and at which those benefits may not be reduced under section 17852, subsection
34	3; section - 17852, subsection - 4, paragraph G; section 17852, subsection 10, paragraph C; and section 18452, subsection 3.
36	Sec. 2. 5 MRSA §17159, sub-§1, ¶A, as enacted by PL 1995, c.
38	541, §3, is amended to read:
40	A. "Early retirement" means retirement before normal retirement age with a reduced retirement benefit as provided
42	by section 17852, subsection 3 or 3-A ₇ subsection4 ₇ paragraph-Cor-C-1 or subsection 10, paragraph C or C-1;
44	section 17857, subsection 3-A; section 18452, subsection 3; or section 18462, subsection 3.'
46	
48	Further amend the bill in section 1 in paragraph B in the first line (page 1, line 7 in L.D.) by striking out the

Page 1-LR3251(3)

COMMITTEE AMENDMENT "C" to S.P. 911, L.D. 2363

* 48

48

2	following: "August 31" and inserting in its place the following: 'September 15'
4	Further amend the bill by striking out all of the 2nd
6	section 3 (page 3, lines 2 and 3 in L.D.) and inserting in its place the following:
8	'Sec. 4. 5 MRSA §17851-A, sub-§4, ¶C, as repealed and replaced
10	by PL 1999, c. 489, §14 and as amended by c. 493, §9, is repealed.
12	Sec. 5. 5 MRSA $\S17852$, sub- $\S4$, \PB , as enacted by PL 1985, c. 801, $\S\S5$ and 7, is amended to read:
14	B. For persons qualifying under section 17851, subsection 4, paragraph B, and-who-retire-upon-or-after-reaching-the
16	age-ef-55, the retirement benefit shall must be computed in accordance with subsection 1.
18	
20	Sec. 6. 5 MRSA §17852, sub-§4, ¶C, as amended by PL 1993, c. 410, Pt. L, §38, is repealed.
22	Sec. 7. 5 MRSA §17852, sub-§4, ¶C-1, as repealed and replaced by PL 1993, c. 410, Pt. L, §39, is repealed.
24	
26	Sec. 8. 5 MRSA §17852, sub-§4, ¶C-2, as amended by PL 1995, c. 367, §1, is repealed.
28	Sec. 9. 5 MRSA §17857, sub-§3, ¶¶A, B and D, as amended by PL 1997, c. 769, §19, are further amended to read:
30	A. If the member transferred under the provisions of
32	subsection 2, paragraph A:
34	(1) If applicable, the portion of the retirement benefit based upon creditable service earned before
36	being transferred must be reduced in accordance with section-17852, - subsection-4, - paragraph - Cer section
38	17852, subsection 10, paragraph C or, if the member was covered under section 17851-A, the portion of the
40	retirement benefit based upon creditable service earned before being transferred must be reduced as provided in
42	that section; and
44	(2) The portion of the retirement benefit based upon
46	creditable service earned after being transferred must be reduced in accordance with section 17852, subsection

Page 2-LR3251(3)

COMMITTEE AMENDMENT

COMMITTEE AMENDMENT "C" to S.P. 911, L.D. 2363

A. 4. 8.

50

_	B. If the member was a retiree restored to service subject
2	to subsection 2, paragraph B:
4	(1) If applicable, the portion of the retirement benefit based upon creditable service earned before the
6	member's initial retirement must be reduced in accordance with seetien-178527subsection-4,-paragraph
8	G-er section 17852, subsection 10, paragraph C or, if the member was covered under section 17851-A, the
10	portion of the retirement benefit based upon creditable
12	service earned before the member's initial retirement must be reduced as provided in that section; and
14	(2) The portion of the retirement benefit based upon creditable service earned after being restored to
16	service must be reduced in accordance with section 17852, subsection 3.
18	
20	D. If the member was transferred subject to subsection 2, paragraph D, and:
22	(1) If the member completes the service or service and age requirements for retirement under the special plan
24	that the member was under previously, if applicable, the retirement benefit must be reduced in accordance
26	with seetien17852,subsection4,paragraphGer section 17852, subsection 10, paragraph C or, if the
28	member was covered under section 17851-A, the retirement <u>benefit</u> must be reduced as provided in that
30	section; or
32	(2) If the member does not complete the service or service and age requirements for retirement under the
34	special plan that the member was under previously, the retirement benefit must be reduced in accordance with
36	section 17852, subsection 3.
38	Sec. 10. 5 MRSA §17857, sub-§3-A, ¶¶A, B and D, as amended by PL 1997, c. 769, §19, are further amended to read:
40	
42	A. If the member transferred under the provisions of subsection 2, paragraph A:
44	(1) If applicable, the portion of the retirement benefit based upon creditable service earned before
46	being transferred must be reduced in accordance with
48	seetien-17852, subsection 4, paragraph-C-1-er section 17852, subsection 10, paragraph C-1 or, if the member was covered under section 17851-A, the portion of the

Page 3-LR3251(3)

retirement benefit based upon creditable service earned

COMMITTEE AMENDMENT

that section; and

before being transferred must be reduced as provided in

2

4	(2) The portion of the retirement benefit based upon
6	creditable service earned after being transferred must be reduced in accordance with section 17852, subsection 3-A.
8	
10	B. If the member was a retiree restored to service subject to subsection 2, paragraph B:
12	(1) If applicable, the portion of the retirement benefit based upon creditable service earned before the
14	member's initial retirement must be reduced in
16	accordance with seetien-17852, subsection-4,-paragraph C-1-er section 17852, subsection 10, paragraph C-1 or,
18	if the member was covered under section 17851-A, the portion of the retirement benefit based upon creditable
20	service earned before the member's initial retirement must be reduced as provided in that section; and
22	(2) The portion of the retirement benefit based upon
24	creditable service earned after being restored to service must be reduced in accordance with section
26	17852, subsection 3-A.
28	D. If the member was transferred subject to subsection 2, paragraph D and:
30	(1) If the member completes the service or service and
32	age requirements for retirement under the special plan that the member was under previously, if applicable,
34	the retirement benefit must be reduced in accordance with section-17852, subsection-4, paragraph-C-1-er
36	section 17852, subsection 10, paragraph C-1 or, if the member was covered under section 17851-A, the
38	retirement benefit must be reduced as provided in that section; or
40	(2) If the member does not complete the service or
42	service and age requirements for retirement under the special plan that the member was under previously, the
44	retirement benefit must be reduced in accordance with section 17852, subsection 3-A.
46	Sec. 11. Effect on state police officers who previously elected to
40	self-fund an early retirement option. The Maine State Retirement
48	System shall refund the additional amount paid above the normal contribution rate plus interest on that amount from the date of
50	payment to a person who is employed as a state police

	COMMITTEE AMENDMENT "C" to S.P. 911, L.D. 2363
_	officer on the effective date of this Act and who elected to pay
2	the full actuarial costs of retirement before age 55 under the Maine Revised Statutes, Title 5, section 17852, subsection 4,
4	paragraph C-2 before it was repealed by this Act by paying ar increased employee contribution to the Maine State Retirement
6	System. The employee contribution rate from the effective date of this Act for a member who previously made the election under
8	Title 5, section 17852, subsection 4, paragraph C-2 is as provided in Title 5, section 17708-B.
10	Sec. 12. Expenditures in excess of allocations. Expenditures of
12	funds required by this Act other than the General Fund and the Highway Fund are authorized to exceed legislative allocations
14	during the fiscal year ending June 30, 2001. Appropriate adjustments to basic work programs facilitating these
16	expenditures in excess of allocations must be recommended by the State Budget Officer and approved by the Governor.
18	Sec. 13. Adjustment of rates. After consultation with the
20	Maine State Retirement System, the State Budget Officer shall adjust the normal cost component of the employer contribution
22	rates on the effective date of this Act to fully fund this Act on an actuarially sound basis. In addition, the State Budget
24	Officer shall assess the accounts in other funds for their share of the unfunded liability costs based on total salaries in those
26	accounts in fiscal year 2000-01.
28	Sec. 14. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act.
30	2000-01
32	MAINE STATE RETIREMENT SYSTEM
34	
36	Retirement Allowance Fund
38	All Other \$872,708
40	Provides funds for the unfunded liability costs related to removing State Police
	Officers hired after September 15, 1984 from

44 MAINE STATE RETIREMENT SYSTEM TOTAL

\$872,708

ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF

the 1998 Special Retirement Plan.

50 Salary Plan

42

46

48

6.4.6

Page 5-LR3251(3)

COMMITTEE AMENDMENT

14.	d.	ઉ	
-----	----	---	--

2	Personal Services	\$46,544
4	Provides funds to be held in reserve in the event that costs associated with the	
6	increase in the normal cost component of the employer contribution rate for retirement	
8	costs related to removing State Police Officers hired after September 15, 1984 from	
10	the 1998 Special Retirement Plan exceed the amounts available for the Department of	
12	Public Safety. Because the normal cost component of the employer contribution rate	
14	for state employees is actuarially established based on projected salaries as a	
16	rate that must be applied to actual salaries, the funds resulting from the	
18	application of the actuarially established rate constitute appropriated funds. The	
20	funds here specified constitute estimates and not appropriated funds.	
22	ADMINISTRATIVE AND FINANCIAL SERVICES,	
24	DEPARTMENT OF TOTAL	\$46,544
26	TOTAL APPROPRIATIONS	\$919,252
28	Sec. 15. Allocation. The following funds are all	
30	the Highway Fund to carry out the purposes of this Act	
32		2000-01
34	MAINE STATE RETIREMENT SYSTEM	
36	Retirement Allowance Fund	
38	All Other	\$1,445,424
40	Provides funds for the unfunded liability costs related to removing State Police	
42	Officers hired after September 15, 1984 from the 1998 Special Retirement Plan.	
44	MAINE STATE RETIREMENT SYSTEM	
46	TOTAL	\$1,445,424
48	ADMINISTRATIVE AND FINANCIAL SERVICES, DEPARTMENT OF	
50	MAR IRRETIANITA VA	

Page 6-LR3251(3)

Salary Plan

38 40 42 44 46 48	APPROPRIATIONS/ALLOCATIONS General Fund \$919,252
40 42 44	2000-01 APPROPRIATIONS/ALLOCATIONS General Fund \$919,252 Highway Fund 1,522,513
40 42	2000-01 APPROPRIATIONS/ALLOCATIONS General Fund \$919,252
40 42	2000-01 APPROPRIATIONS/ALLOCATIONS
38	FISCAL NOTE
36	
34	Further amend the bill by inserting at the end before the summary the following:
32	consecutively.
	nonconsecutive Part letter or section number to read
30	Further amend the bill by relettering or renumbering any
28	TOTAL ALLOCATIONS \$1,522,513'
26	DEPARTMENT OF \$77,089
24	ADMINISTRATVIE AND FINANCIAL SERVICES,
22	and not appropriated funds.
20	rate constitute appropriated funds. The funds here specified constitute estimates
18	salaries, the funds resulting from the application of the actuarially established
16	established based on projected salaries as a rate that must be applied to actual
14	component of the employer contribution rate for state employees is actuarially
12	amounts available for the Department of Public Safety. Because the normal cost
	the 1998 Special Retirement Plan exceed the
10	costs related to removing State Police Officers hired after September 15, 1984 from
8	increase in the normal cost component of the employer contribution rate for retirement
6	Provides funds to be held in reserve in the event that costs associated with the
4	Personal Services \$77,089

Page 7-LR3251(3)

COMMITTEE AMENDMENT "C" to S.P. 911, L.D. 2363

N. 48.

creation of unfunded liabilities except those that result from experience losses, this bill includes a one-time General Fund appropriation of \$872,708 and a Highway Fund allocation of \$1,445,424 to the Maine State Retirement System in fiscal year 2000-01. The cost to accounts in other funds, estimated to be \$409,082, may require increased allotments to meet these additional personal services expenditures.

8

10

12

14

16

18

20

22

24

26

28

2

4

6

Removing these State Police Officers from the 1998 Special Retirement Plan will also increase the normal cost component of the employer retirement rate from the 1998 special plan rate of 6.89% to the new plan normal cost rate of 9.15%. This 2.26% increase will result in increased employer contributions to the Maine State Retirement System for state police officers estimated to be \$145,450 in fiscal year 2000-01. A General Fund appropriation of \$46,544 and a Highway Fund allocation of \$77,089 in fiscal year 2000-01 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 and Highway Fund accounts during fiscal year 2000-01. The cost to accounts in other funds, estimated to be \$21,817 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 1998 Special Retirement Plan will be absorbed by the Maine State Retirement System utilizing existing budgeted resources.'

30

32

34

36

38

40

42

44

46

SUMMARY

This amendment is a minority report, Report C, of the committee. The amendment makes several technical amendments to the bill to fully implement its intent to remove state police officers from the 1998 special retirement plan and establish a 25-years-of-service and no-age-requirement retirement plan for state police officers. The new early retirement plan for state police officers is retroactive to date of hire for current officers. The amendment clarifies that state police officers who elected an option available under prior law to pay increased contributions to purchase an early retirement plan similar to that being established by the bill would have their excess contributions refunded with interest. The amendment also adds an appropriation section, an allocation section and a fiscal note to the bill.

48