

MAINE STATE LEGISLATURE

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STATE OF MAINE
SENATE
119TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "C" to S.P. 911, L.D. 2363, Bill, "An Act Regarding Length of Service for Retirement Benefits for State Police Officers"

Amend the bill by inserting after the enacting clause and before section 1 the following:

Sec. 1. 5 MRSA §17001, sub-§23, as enacted by PL 1985, c. 801, §§5 and 7, is amended to read:

23. Normal retirement age. "Normal retirement age" means the specified age, the years of service requirement or any combination of age and years of service requirements at which a member becomes eligible for retirement benefits and at which those benefits may not be reduced under section 17852, subsection 3; section 17852, subsection 4, paragraph C; section 17852, subsection 10, paragraph C; and section 18452, subsection 3.

Sec. 2. 5 MRSA §17159, sub-§1, ¶A, as enacted by PL 1995, c. 541, §3, is amended to read:

A. "Early retirement" means retirement before normal retirement age with a reduced retirement benefit as provided by section 17852, subsection 3 or 3-A, subsection 4, paragraph C or C-1 or subsection 10, paragraph C or C-1; section 17857, subsection 3-A; section 18452, subsection 3; or section 18462, subsection 3.'

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

COMMITTEE AMENDMENT

following: "August 31" and inserting in its place the following:
'September 15'

Further amend the bill by striking out all of the 2nd section 3 (page 3, lines 2 and 3 in L.D.) and inserting in its place the following:

'**Sec. 4. 5 MRSA §17851-A, sub-§4, ¶C**, as repealed and replaced by PL 1999, c. 489, §14 and as amended by c. 493, §9, is repealed.

Sec. 5. 5 MRSA §17852, sub-§4, ¶B, as enacted by PL 1985, c. 801, §§5 and 7, is amended to read:

B. For persons qualifying under section 17851, subsection 4, paragraph B, ~~and who retire upon or after reaching the age of 55~~, the retirement benefit shall must be computed in accordance with subsection 1.

Sec. 6. 5 MRSA §17852, sub-§4, ¶C, as amended by PL 1993, c. 410, Pt. L, §38, is repealed.

Sec. 7. 5 MRSA §17852, sub-§4, ¶C-1, as repealed and replaced by PL 1993, c. 410, Pt. L, §39, is repealed.

Sec. 8. 5 MRSA §17852, sub-§4, ¶C-2, as amended by PL 1995, c. 367, §1, is repealed.

Sec. 9. 5 MRSA §17857, sub-§3, ¶¶A, B and D, as amended by PL 1997, c. 769, §19, are further amended to read:

A. If the member transferred under the provisions of subsection 2, paragraph A:

(1) If applicable, the portion of the retirement benefit based upon creditable service earned before being transferred must be reduced in accordance with ~~section 17852, subsection 4, paragraph C~~ or section 17852, subsection 10, paragraph C or, if the member was covered under section 17851-A, the portion of the retirement benefit based upon creditable service earned before being transferred must be reduced as provided in that section; and

(2) The portion of the retirement benefit based upon creditable service earned after being transferred must be reduced in accordance with section 17852, subsection 3.

2 B. If the member was a retiree restored to service subject
to subsection 2, paragraph B:

4 (1) If applicable, the portion of the retirement
6 benefit based upon creditable service earned before the
member's initial retirement must be reduced in
8 accordance with ~~section 17852, subsection 4, paragraph~~
~~C or~~ section 17852, subsection 10, paragraph C or, if
10 the member was covered under section 17851-A, the
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
16 creditable service earned after being restored to
service must be reduced in accordance with section
17852, subsection 3.

18 D. If the member was transferred subject to subsection 2,
20 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 ~~section 17852, subsection 4, paragraph C or~~
section 17852, subsection 10, paragraph C or, if the
28 member was covered under section 17851-A, the
retirement benefit 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 A. If the member transferred under the provisions of
42 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
~~section 17852, subsection 4, paragraph C-1 or~~
48 section 17852, subsection 10, paragraph C-1 or, if the member
was covered under section 17851-A, the portion of the
50 retirement benefit based upon creditable service earned

before being transferred must be reduced as provided in that section; and

(2) The portion of the retirement benefit based upon creditable service earned after being transferred must be reduced in accordance with section 17852, subsection 3-A.

B. If the member was a retiree restored to service subject to subsection 2, paragraph B:

(1) If applicable, the portion of the retirement benefit based upon creditable service earned before the member's initial retirement must be reduced in accordance with ~~section 17852, subsection 4, paragraph C-1 or~~ section 17852, subsection 10, paragraph C-1 or, if the member was covered under section 17851-A, the portion of the retirement benefit based upon creditable service earned before the member's initial retirement must be reduced as provided in that section; and

(2) The portion of the retirement benefit based upon creditable service earned after being restored to service must be reduced in accordance with section 17852, subsection 3-A.

D. If the member was transferred subject to subsection 2, paragraph D and:

(1) If the member completes the service or service and age requirements for retirement under the special plan that the member was under previously, if applicable, the retirement benefit must be reduced in accordance with ~~section 17852, subsection 4, paragraph C-1 or~~ section 17852, subsection 10, paragraph C-1 or, if the member was covered under section 17851-A, the retirement benefit must be reduced as provided in that section; or

(2) If the member does not complete the service or service and age requirements for retirement under the special plan that the member was under previously, the retirement benefit must be reduced in accordance with section 17852, subsection 3-A.

Sec. 11. Effect on state police officers who previously elected to self-fund an early retirement option. The Maine State Retirement System shall refund the additional amount paid above the normal contribution rate plus interest on that amount from the date of payment to a person who is employed as a state police

officer on the effective date of this Act and who elected to pay the full actuarial costs of retirement before age 55 under the Maine Revised Statutes, Title 5, section 17852, subsection 4, paragraph C-2 before it was repealed by this Act by paying an increased employee contribution to the Maine State Retirement System. The employee contribution rate from the effective date of this Act for a member who previously made the election under Title 5, section 17852, subsection 4, paragraph C-2 is as provided in Title 5, section 17708-B.

Sec. 12. Expenditures in excess of allocations. Expenditures of funds required by this Act other than the General Fund and the Highway Fund are authorized to exceed legislative allocations during the fiscal year ending June 30, 2001. Appropriate adjustments to basic work programs facilitating these expenditures in excess of allocations must be recommended by the State Budget Officer and approved by the Governor.

Sec. 13. Adjustment of rates. After consultation with the Maine State Retirement System, the State Budget Officer shall adjust the normal cost component of the employer contribution rates on the effective date of this Act to fully fund this Act on an actuarially sound basis. In addition, the State Budget Officer shall assess the accounts in other funds for their share of the unfunded liability costs based on total salaries in those accounts in fiscal year 2000-01.

Sec. 14. Appropriation. The following funds are appropriated from the General Fund to carry out the purposes of this Act.

2000-01

MAINE STATE RETIREMENT SYSTEM

Retirement Allowance Fund

All Other \$872,708

Provides funds for the unfunded liability costs related to removing State Police Officers hired after September 15, 1984 from the 1998 Special Retirement Plan.

**MAINE STATE RETIREMENT SYSTEM
TOTAL**

\$872,708

**ADMINISTRATIVE AND FINANCIAL SERVICES,
DEPARTMENT OF**

Salary Plan

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.

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.'

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.