

# MAINE STATE LEGISLATURE

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# 120th MAINE LEGISLATURE

## FIRST REGULAR SESSION-2001

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Legislative Document

No. 1197

S.P. 359

In Senate, February 28, 2001

**An Act to Amend the Limits on Earnable Compensation for State  
Employee Retirement.**

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Reference to the Committee on Labor suggested and ordered printed.

A handwritten signature in cursive script that reads "Joy J. O'Brien".

JOY J. O'BRIEN  
Secretary of the Senate

Presented by Senator GAGNON of Kennebec.  
Cosponsored by Representative RICHARD of Madison and  
Senators: BROMLEY of Cumberland, O'GARA of Cumberland, Representative: FULLER of  
Manchester.

**Be it enacted by the People of the State of Maine as follows:**

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4       **Sec. 1. 5 MRSA §17001, sub-§13, ¶C**, as repealed and replaced  
by PL 1999, c. 489, §2, is amended to read:

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C. The following provisions govern limitations on earnable  
compensation.

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10           (1) Notwithstanding the other provisions of this  
subsection, for the purposes of determining average  
12           final compensation, "earnable compensation" does not  
include any increase that exceeds the prior year's  
14           earnable compensation by more than 5% or that results  
in a total increase of more than ~~10%~~ 15% during the  
16           3-year period used in the calculation of average final  
compensation, unless the cost of the additional  
18           actuarial liability arising from the excess increase is  
paid by the employer as provided in section 17154. Any  
20           payment made under paragraph B, subparagraph (1) must  
be included in determining the amount of increase in  
22           the year in which the payment is made. This  
subparagraph does not apply to excess increases  
24           resulting from compensation paid prior to July 1, 1993,  
from compensation paid in accordance with an individual  
26           employment contract executed prior to July 1, 1993 or a  
collective bargaining agreement executed or ratified in  
28           its final form by final vote of one party to the  
agreement prior to July 1, 1993 for the initial term of  
30           that contract or agreement or from other action by the  
governing body of a school administrative unit in  
32           effect on July 1, 1993. This subparagraph does not  
apply to increases in compensation of state employees  
34           during fiscal year 1993-94 and fiscal year 1994-95. In  
all circumstances in which this subparagraph does not  
36           apply to earnable compensation of state employees and  
teachers, the provisions of this subparagraph that were  
38           in effect prior to June 30, 1993 apply. This  
subparagraph does not apply to earnable compensation of  
employees of participating local districts.

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42           (2) Effective October 1, 1999, the 5% limitation and  
the 10% limitation on increases in earnable  
44           compensation set out in subparagraph (1) on October 1,  
1999 may not be changed to a lower percentage for  
46           members who, on October 1, 1999 or thereafter, meet the  
creditable service requirement for eligibility to  
48           receive a service retirement benefit, at the applicable  
age if so required, under section 17851 or section  
17851-A, subsection 2.

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## SUMMARY

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This bill increases the cap on increases in earnable compensation for purposes of determining average final compensation under the Maine State Retirement System law from 10% over the 3 highest years of earnings to 15% over the 3 highest years of earnings. The annual cap of 5% remains in place.

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