

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

FIRST REGULAR SESSION-2001

Legislative Document

No. 1631

S.P. 512

In Senate, March 13, 2001

**An Act to Provide Exemptions from the 5% cap on Earnable
Compensation for Retirement Purposes.**

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 SHOREY of Washington.
Cosponsored by Senator MARTIN of Aroostook.

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

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4 Sec. 1. 5 MRSA §17001, sub-§13, ¶C, as repealed and replaced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

6 C. The following provisions govern limitations on earnable
8 compensation.

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

42 (1-A) Wage and salary increases resulting from the
44 following may not be considered in calculating
increases in earnable compensation under this paragraph:

46 (a) Collective bargaining agreements pursuant to
48 Title 26, chapter 9-A, 9-B or 12;

50 (b) Job promotion;

2 (c) Reclassification of position; or

4 (d) Reallocation of position.

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

16 SUMMARY

18 This bill excludes pay increases resulting from the
20 following for purposes of determining earnable compensation under
22 the Maine State Retirement System law:

- 24 1. Collectively bargained agreements pursuant to Title 26,
26 chapters 9-A, 9-B and 12;
- 28 2. Job promotions;
- 30 3. Position reclassifications; and
4. Position reallocations.