

MAINE STATE LEGISLATURE

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120th MAINE LEGISLATURE

FIRST REGULAR SESSION-2001

Legislative Document

No. 1789

H.P. 1333

House of Representatives, May 3, 2001

**An Act Regarding the Length of Service for Retirement Benefits and
Limits on Earnable Compensation for Certain State Employees.**

Reference to the Committee on Labor suggested and ordered printed.

Millicent M. MacFarland

MILLICENT M. MacFARLAND, Clerk

Presented by Representative MATTHEWS of Winslow.
Cosponsored by President MICHAUD of Penobscot and
Representatives: CARR of Lincoln, COLWELL of Gardiner, HUTTON of Bowdoinham,
MADORE of Augusta, NORBERT of Portland, Speaker SAXL of Portland, Senators: DAVIS
of Piscataquis, EDMONDS of Cumberland.

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

4 **PART A**

6 **Sec. A-1. 5 MRSA §17851-A, sub-§1, ¶¶J and K,** as enacted by PL 1999, c. 493, §6, are amended to read:

8 J. Law enforcement officers in the employment of the Baxter
10 State Park Authority on January 1, 2000 or hired thereafter;
and

12 K. The State Fire Marshal or a state fire marshal
14 investigator or state fire marshal inspector in the
employment of the Department of Public Safety on January 1,
2000 or hired thereafter;

16 **Sec. A-2. 5 MRSA §17851-A, sub-§1, ¶¶L and M** are enacted to
18 read:

20 L. Special investigators in the employment of the Attorney
22 General on January 1, 2002 or hired thereafter; and

24 M. Security officers in the employment of the Bureau of
26 Capitol Security, Department of Public Safety on January 1,
2002 or hired thereafter.

28 **Sec. A-3. 5 MRSA §17851-A, sub-§2,** as amended by PL 1999, c. 493, §7, is further amended to read:

30 **2. Qualification for benefits.** A member employed in any
32 one or a combination of the capacities specified in subsection 1
after June 30, 1998 for employees identified in subsection 1,
34 paragraphs A to H and, after December 31, 1999 for employees
identified in subsection 1, paragraphs I to K and after December
36 31, 2001 for employees identified in subsection 1, paragraphs L
and M qualifies for a service retirement benefit if that member
either:

38 A. Is at least 55 years of age and has completed at least
40 10 years of creditable service under the 1998 Special Plan
in any one or a combination of the capacities; or

42 B. Has completed at least 25 years of creditable service in
44 any one or a combination of the capacities specified in
subsection 1, whether or not the creditable service included
46 in determining that the 25-year requirement has been met was
earned under the 1998 Special Plan or prior to its
48 establishment.

2 **Sec. A-4. 5 MRSA §17851-A, sub-§4**, as amended by PL 1999, c.
489, §14; c. 493, §9; and c. 731, Pt. CC, §§5 and 6, is repealed
and the following enacted in its place:

4 **4. Computation of benefits.** The amount of the service
6 retirement benefit for members qualified under subsection 2 must
be computed as follows.

8 A. If all of the member's creditable service in any one or
10 a combination of the capacities specified in subsection 1
12 was earned after June 30, 1998 for employees identified in
14 subsection 1, paragraphs A to H, after December 31, 1999 for
16 employees identified in subsection 1, paragraphs I to K and
18 after December 31, 2001 for employees identified in
20 subsection 1, paragraphs L and M or if service credit was
22 purchased by repayment of an earlier refund of accumulated
24 contributions for service after June 30, 1998 for employees
26 identified in subsection 1, paragraphs A to H, after December 31, 1999 for employees
28 identified in subsection 1, paragraphs I to K and after December 31, 2001 for employees
30 identified in subsection 1, paragraphs L and M, in any one
32 or a combination of the capacities specified in subsection
1, or if service credit was purchased by other than the
repayment of an earlier refund and eligibility to make the
purchase of the service credit, including, but not limited
to, service credit for military service, was achieved after
June 30, 1998 for employees identified in subsection 1,
paragraphs A to H, after December 31, 1999 for employees
identified in subsection 1, paragraphs I to K and after
December 31, 2001 for employees identified in subsection 1,
paragraphs L and M, the benefit must be computed as provided
in section 17852, subsection 1, paragraph A.

34 (1) If the member had 10 years of creditable service
36 on July 1, 1993, the benefit under subsection 2,
paragraph B must be reduced as provided in section
38 17852, subsection 3, paragraphs A and B.

40 (2) If the member had fewer than 10 years of
42 creditable service on July 1, 1993, the benefit under
subsection 2, paragraph B must be reduced by 6% for
44 each year that the member's age precedes 55 years of
age.

46 B. Except as provided in paragraph D, if some part of the
48 member's creditable service in any one or a combination of
the capacities specified in subsection 1 was earned before
50 July 1, 1998 for employees identified in subsection 1,
paragraphs A to H, before January 1, 2000 for employees
identified in subsection 1, paragraphs I to K and before

2 January 1, 2002 for employees identified in subsection 1,
3 paragraphs L and M and some part of the member's creditable
4 service in any one or a combination of the capacities
5 specified in subsection 1 was earned after June 30, 1998 for
6 employees identified in subsection 1, paragraphs A to H,
7 after December 31, 1999 for employees identified in
8 subsection 1, paragraphs I to K and after December 31, 2001
9 for employees identified in subsection 1, paragraphs L and M
10 then the member's service retirement benefit must be
11 computed in segments and the amount of the member's service
12 retirement benefit is the sum of the segments. The segments
13 must be computed as follows:

14 (1) The segment or, if the member served in more than
15 one of the capacities specified in subsection 1 and the
16 benefits related to the capacities are not
17 interchangeable under section 17856, segments that
18 reflect creditable service earned before July 1, 1998
19 for employees identified in subsection 1, paragraphs A
20 to H, before January 1, 2000 for employees identified
21 in subsection 1, paragraphs I to K and before January
22 1, 2002 for employees identified in subsection 1,
23 paragraphs L and M or purchased by repayment of an
24 earlier refund of accumulated contributions for service
25 before July 1, 1998, for employees identified in
26 subsection 1, paragraphs A to H, before January 1, 2000
27 for employees identified in subsection 1, paragraphs I
28 to K and before January 1, 2002 for employees
29 identified in subsection 1, paragraphs L and M in a
30 capacity or capacities specified in subsection 1 or
31 purchased by other than the repayment of a refund and
32 eligibility to make the purchase of the service credit,
33 including, but not limited to, service credit for
34 military service, was achieved before July 1, 1998 for
35 employees identified in subsection 1, paragraphs A to
36 H, before January 1, 2000 for employees identified in
37 subsection 1, paragraphs I to K and before January 1,
38 2002 for employees identified in subsection 1,
39 paragraphs L and M must be computed under section
40 17852, subsection 1, paragraph A. If the member is
41 qualified under subsection 2, paragraph B and:

42
43 (a) Had 10 years of creditable service on July 1,
44 1993, the amount of the segment or segments must
45 be reduced as provided in section 17852,
46 subsection 3, paragraphs A and B; or

47 (b) Had fewer than 10 years of creditable service
48 on July 1, 1993, the amount of the segment or

2 segments must be reduced as provided in section
3 17852, subsection 3-A; and

4 (2) The segment that reflects creditable service
5 earned after June 30, 1998 for employees identified in
6 subsection 1, paragraphs A to H, after December 31,
7 1999 for employees identified in subsection 1,
8 paragraphs I to K and after December 31, 2001 for
9 employees identified in subsection 1, paragraphs L and
10 M or purchased by repayment of an earlier refund of
11 accumulated contributions for service after June 30,
12 1998 for employees identified in subsection 1,
13 paragraphs A to H, after December 31, 1999 for
14 employees identified in subsection 1, paragraphs I to K
15 and after December 31, 2001 for employees identified in
16 subsection 1, paragraphs L and M in any one or a
17 combination of the capacities specified in subsection
18 1, or purchased by other than the repayment of a refund
19 and eligibility to make the purchase of the service
20 credit, including, but not limited to, service credit
21 for military service, was achieved after June 30, 1998
22 for employees identified in subsection 1, paragraphs A
23 to H, after December 31, 1999 for employees identified
24 in subsection 1, paragraphs I to K and after December
25 31, 2001 for employees identified in subsection 1,
26 paragraphs L and M must be computed under section
27 17852, subsection 1, paragraph A. If the member is
28 qualified under subsection 2, paragraph B and:

30 (a) Had 10 years of creditable service on July 1,
31 1993, the segment amount must be reduced in the
32 manner provided in section 17852, subsection 3,
33 paragraphs A and B for each year that the member's
34 age precedes 55 years of age; or

36 (b) Had fewer than 10 years of creditable service
37 on July 1, 1993, the segment amount must be
38 reduced by 6% for each year that the member's age
39 precedes 55 years of age.

40 D. The service retirement benefit of a member who is a
41 Maine State Prison employee to whom subsection 1, paragraph
42 E applies, and who qualifies for service retirement benefits
43 under subsection 2, paragraph B, must be computed under
44 section 17852, subsection 1, paragraph A on the basis of all
45 of the member's creditable service in the capacity specified
46 in subsection 1, paragraph E regardless of whether the
47 creditable service was earned before, on or after July 1,
48 1998, except that:

50

2 (1) If the member had 10 years of service on July 1,
3 1993, the benefit must be reduced as provided in
4 section 17852, subsection 10, paragraph C,
5 subparagraphs (1) and (2); or

6 (2) If the member had fewer than 10 years of
7 creditable service on July 1, 1993, the benefit must be
8 reduced as provided in section 17852, subsection 10,
9 paragraph C-1.

10 **Sec. A-5. 5 MRSA §17851-A, sub-§5,** as amended by PL 1999, c.
11 493, §9, is further amended to read:

12 **5. Contributions.** Notwithstanding any other provision of
13 subchapter III, after June 30, 1998, for employees identified in
14 subsection 1, paragraphs A to H, and after December 31, 1999, for
15 employees identified in subsection 1, paragraphs I to K and after
16 December 31, 2001 for employees identified in subsection 1,
17 paragraphs L and M, a member in the capacities specified in
18 subsection 1 must contribute to the retirement system or have
19 pick-up contributions made at the rate of 8.65% of earnable
20 compensation until the member has completed 25 years of
21 creditable service as provided in this section and at the rate of
22 7.65% thereafter.
23

24

PART B

25

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

28 **C.** The following provisions govern limitations on earnable
29 compensation.

30

31 (1) Notwithstanding the other provisions of this
32 subsection, for the purposes of determining average
33 final compensation, "earnable compensation" does not
34 include any increase that exceeds the prior year's
35 earnable compensation by more than 5% or that results
36 in a total increase of more than ~~10%~~ 15% during the
37 3-year period used in the calculation of average final
38 compensation, unless the cost of the additional
39 actuarial liability arising from the excess increase is
40 paid by the employer as provided in section 17154. Any
41 payment made under paragraph B, subparagraph (1) must
42 be included in determining the amount of increase in
43 the year in which the payment is made. This
44 subparagraph does not apply to excess increases
45 resulting from compensation paid prior to July 1, 1993,
46 from compensation paid in accordance with an individual
47

48

2 employment contract executed prior to July 1, 1993 or a
collective bargaining agreement executed or ratified in
4 its final form by final vote of one party to the
agreement prior to July 1, 1993 for the initial term of
6 that contract or agreement or from other action by the
governing body of a school administrative unit in
8 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
10 all circumstances in which this subparagraph does not
apply to earnable compensation of state employees and
12 teachers, the provisions of this subparagraph that were
in effect prior to June 30, 1993 apply. This
14 subparagraph does not apply to earnable compensation of
employees of participating local districts.

16 (2) Effective October 1, 1999, the 5% limitation and
18 the ~~10%~~ 15% limitation on increases in earnable
compensation set out in subparagraph (1) on October 1,
20 1999 may not be changed to a lower percentage for
members who, on October 1, 1999 or thereafter, meet the
22 creditable service requirement for eligibility to
receive a service retirement benefit, at the applicable
24 age if so required, under section 17851 or section
17851-A, subsection 2.

26
28 **SUMMARY**

30 Part A of this bill adds security officers employed by
Capitol Security in the Department of Public Safety and special
32 investigators in the Attorney General's office to the 1998
Special Retirement Plan. Under that existing plan a member
34 qualifies for a service retirement benefit if that worker is at
least 55 years of age and has completed at least 10 years of
36 creditable service in a covered capacity. A reduced retirement
benefit is available before age 55 if the member has completed at
38 least 25 years of creditable service.

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