

# MAINE STATE LEGISLATURE

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# 120th MAINE LEGISLATURE

## SECOND REGULAR SESSION-2002

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Legislative Document

No. 2011

H.P. 1508

House of Representatives, December 26, 2001

### **An Act to Restructure the Advisory Council on Tax-deferred Arrangements.**

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Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.

Received by the Clerk of the House on December 19, 2001. Referred to the Committee on State and Local Government pursuant to Joint Rule 308.2 and ordered printed pursuant to Joint Rule 401.

*Millicent M. MacFarland*

MILLICENT M. MacFARLAND, Clerk

Presented by Representative COLWELL of Gardiner.  
Cosponsored by President BENNETT of Oxford and  
Representatives: BRUNO of Raymond, MARLEY of Portland, McDONOUGH of Portland,  
NORBERT of Portland, NORTON of Bangor, Speaker SAXL of Portland, SIMPSON of  
Auburn, Senator: DAVIS of Piscataquis.

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

Sec. 1. 5 MRSA §883, as amended by PL 1997, c. 204, §4, is further amended to read:

**§883. Administration**

Administration of tax-deferred arrangements under this chapter, within state agencies, departments, boards, commissions or institutions, is under the direction of the Council on Tax-deferred Arrangements, which serves as trustee of the deferred compensation program and which advises the Department of Administrative and Financial Services on deferred compensation issues. Each county, city, town or other political subdivision may designate an officer to administer tax-deferred arrangements. Payroll deductions must be made in each instance by the appropriate payroll officer.

Sec. 2. 5 MRSA §884, as amended by PL 1997, c. 204, §5 and PL 2001, c. 44, §11 and affected by §14, is further amended to read:

**§884. Council on Tax-deferred Arrangements**

The Advisory Council on Tax-deferred Arrangements, established by section ~~12004-I~~ 12004-G, subsection 25 13-E, shall meet at least once a year, review the operations of the arrangements program and advise the Department of Administrative and Financial Services on matters of policy relating to the activities under the arrangements program. Members of the advisory council are entitled to compensation as provided in chapter 379. ~~All-appointed-or-elected-members-serve-at-the pleasure-of-their-appointing-or-electing-authorities. The advisory-council-consists-of-6-members-as-follows.~~

~~1.--Ex-officio-members;--chair.--The-ex-officio-members-of the--Advisory--Council--on--Tax-deferred--Arrangements--are+--the Commissioner--of--Administrative--and--Financial--Services,--or--the commissioner's-designee;--the-Superintendent-of-Insurance,--or--the superintendent's-designee;--and--the-Superintendent-of-Financial Institutions,--or--the-superintendent's-designee.--The-Commissioner of-Administrative-and-Financial-Services,--or-a-designee,--is-the chair-of-the-advisory-council.~~

~~3.--Employee-representatives.--The-employee-representatives of--the--advisory--council--are--3--classified--state--employees appointed-by-the-Governor-as-follows+~~

~~A.--One-employee-recommended-to-the-Governor-by-the-Maine State-Employees-Association;~~

2       ~~B. One employee recommended to the Governor by the American~~  
4       ~~Federation of State and Municipal Employees; and~~

6       ~~C. One employee recommended to the Governor by the Maine~~  
      ~~State Treepers Association.~~

8       ~~Employee representatives are appointed for terms of 3 years,~~  
10      ~~except that of the first appointments, one must be for one year,~~  
      ~~one for 2 years and one for 3 years.~~

12      3-A. Membership. The Council on Tax-deferred Arrangements  
14      consists of 9 labor and management members as follows:

16      A. One labor member for the largest bargaining unit  
18      recognized under Title 26, chapter 14, appointed by the  
      employee organization;

20      B. One labor member for the largest bargaining unit  
22      recognized under Title 26, chapter 14, appointed by the  
      employee organization authorized to represent the unit;

24      C. One labor member appointed by the retiree chapters of  
      the Maine State Employees Association;

26      D. Four management members appointed by the Commissioner of  
28      Administrative and Financial Services;

30      E. One management member appointed by the Court  
      Administrators; and

32      F. The Commissioner of Administrative and Financial  
34      Services or the commissioner's designee, ex officio.

36      All appointed or elected members serve at the pleasure of their  
      appointing or electing authorities.

38      **4. Voting.** All votes of the council must be one vote cast  
40      by labor and one vote cast by management. The labor vote must be  
42      cast by the labor cochair, who must be chosen by the labor  
44      members, and must represent the majority opinion of the labor  
      members of the council. The management vote must be cast by the  
      management cochair, who is the Commissioner of Administrative and  
      Financial Services or the commissioner's designee.

46      **Sec. 3. 5 MRSA §885, first ¶,** as amended by PL 1997, c. 204,  
48      §6, is further amended to read:

50      The advisory council shall select up to 7 firms for  
      participation by state employees as the result of investigation

2 and competitive bidding, as outlined in chapter 155. The  
3 advisory council may, at any time after the evaluation and study  
4 of new programs, replace any previously selected firm with  
5 another firm through the process of competitive bidding.  
6 Participants in the plan retain the right to continue to invest  
7 with a previously selected firm with which they have already  
8 established an account in the State of Maine plan. Any firm  
9 selected by the advisory council in accordance with this section  
10 must be a registered investment advisor under the federal  
11 Investment Company Act of 1940 or a bank or insurance company  
12 authorized to receive or manage contributions as part of a  
13 tax-deferred arrangement under this chapter.

14 **Sec. 4. 5 MRSA §12004-G, sub-§13-E** is enacted to read:

16	<u>13-E.</u>	<u>Council on</u>	<u>Expenses</u>	<u>5 MRSA</u>
17	<u>Finance</u>	<u>Tax-deferred</u>	<u>Only</u>	<u>§884</u>
18		<u>Arrangements</u>		

20 **Sec. 5. 5 MRSA §12004-I, sub-§25**, as amended by PL 1997, c.  
21 204, §8, is repealed.

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## SUMMARY

26 This bill restructures the Advisory Council on Tax-deferred  
27 Arrangements by changing it from an advisory council to a  
28 policy-making council and by changing the number of its members  
from 6 to 9.