

MAINE STATE LEGISLATURE

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L.D. 2199

DATE: April 9, 2002

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STATE OF MAINE
SENATE
120TH LEGISLATURE
SECOND REGULAR SESSION

SENATE AMENDMENT "A" to COMMITTEE AMENDMENT "A" to S.P. 819, L.D. 2199, Bill, "An Act to Address the Unfunded Liability of the Maine State Retirement System and the Equity of Retirement Benefits for State Employees and Teachers"

Amend the amendment by inserting after the title the following:

'Amend the bill by striking out all of the emergency preamble (page 1, lines 1 to 47 in L.D.)'

Further amend the amendment in first paragraph after the title in the first line (page 1, line 24 in amendment) by striking out the following: "Amend" and inserting in its place the following: 'Further amend'

Further amend the amendment by striking out all of that part designated "~~§17160.~~" (page 1, lines 28 to 40 in amendment) and inserting in its place the following:

§17160. Minimum level of employer contribution

1. Portion of employer contribution. Beginning in fiscal year 2002-03 and continuing until the unfunded liabilities of the Maine State Retirement System attributable to state employees and teachers, as defined in the Constitution of Maine, Article IX, Section 18-B, are retired, within the term provided in Section 18-B or within any shorter term provided by statute, the portion of the employer contribution amount devoted to paying the unfunded liabilities of the system attributable to state employees and teachers may not be less than the amount paid for that purpose during the immediately preceding fiscal year.

2 A. In circumstances in which the unfunded liability amount
3 to be paid in a given year would be less than the amount
4 paid in the immediately preceding year, the Board of
5 Trustees of the Maine State Retirement System shall request
6 the system's actuary to recommend a methodology to adjust
7 plan funding in order to realize payment of the required
8 amount. The methodology for adjustment must be actuarially
9 sound in itself and may not jeopardize the actuarial
10 soundness of the system or its funding.

11 B. If the system's actuary determines pursuant to paragraph
12 A that no methodology meeting the requirements of this
13 subsection can be identified, then the requirement that the
14 unfunded liability payment in a given year may not be less
15 than the amount paid in the immediately preceding fiscal
16 year applies only to the General Fund portion of the
17 unfunded liability payment. A General Fund appropriation in
18 the amount of the difference between the General Fund
19 portions of the unfunded liability payment in the 2 years in
20 question must be sought.'

21 Further amend the amendment on page 3 by inserting after the
22 3rd indented paragraph the following:

23 'Further amend the bill by striking out all of the emergency
24 clause (page 4, lines 22 and 23 in L.D.)'

FISCAL NOTE

25 This amendment requires that the amount that the State pays
26 in a given year as the portion of the unfunded liability payment
27 may not be less than the amount paid in the prior fiscal year for
28 that purpose. In any year in which payment of the difference may
29 be required, the Board of Trustees of the Maine State Retirement
30 System will request the system's actuary to recommend a
31 methodology to adjust the plan funding in an actuarially sound
32 manner. If the actuary recommends such a funding plan, all
33 applicable funding sources shall pay their proportionate share.
34 If the actuary does not recommend such a funding plan, a General
35 Fund appropriation in the amount of the difference of the General
36 Fund portion would need to be made. It is not expected that the
37 amendment would have a fiscal impact in fiscal year 2002-03, as
38 both the unfunded liability contribution rate and the State's
39 projection of salaries are higher in fiscal year 2002-03 than in
40 fiscal year 2001-02.
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SUMMARY

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Committee Amendment "A" specified that the portion of the employer contribution rate devoted to paying the unfunded liabilities of the Maine State Retirement System may not be less than the rate paid during fiscal year 2001-02. This amendment instead specifies that the portion of the employer contribution amount may not be less than the amount paid during the immediately preceding fiscal year. If the unfunded liability amount would be less than the amount paid in the immediately preceding year, the Board of Trustees of the Maine State Retirement System is directed to recommend a methodology to adjust plan funding in order to realize payment of the required amount; if no such methodology can be identified, then a General Fund appropriation in the amount of the difference between the General Fund portions of the unfunded liability payment in the 2 years in question must be sought. This amendment also removes the emergency preamble and clause.

SPONSORED BY: 
(Senator GOLDTHWAIT)

COUNTY: Hancock