

MAINE STATE LEGISLATURE

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DATE: 5-9-03

(Filing No. H-320)

MINORITY LABOR

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STATE OF MAINE HOUSE OF REPRESENTATIVES 121ST LEGISLATURE FIRST REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 658, L.D. 881, Bill, "An Act To Allow the Buyback of Active Duty Military Time for Maine State Retirement System Credit"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting in its place the following:

Sec. 1. 5 MRSA §17760, sub-§2, ¶D, as enacted by PL 1985, c. 801, §§5 and 7, is repealed.

Sec. 2. 5 MRSA §17760, sub-§2, ¶E, as amended by PL 2001, c. 114, §2, is repealed.

Sec. 3. 5 MRSA §17760, sub-§2, ¶G, as enacted by PL 2001, c. 114, §3, is amended to read:

G. A member who fails to meet ~~one-or-more-of-the-terms-and-conditions--required--under--paragraphs--A,--D--and--E~~ the requirement of paragraph A may purchase service credit as provided in this paragraph. The member must have at least 5 years of creditable service and, before any retirement benefit becomes effective for that member, must pay into the Members' Contribution Fund, by a single direct payment or annual direct payments to the retirement system, an amount that, together with regular interest on that amount, is the actuarial equivalent, at the effective date of the retirement benefit, of the portion of the retirement benefit based on the additional creditable service. Annual direct

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2 payments must be made in accordance with section 17701,
3 subsection 4. Any member who purchases service credit under
4 this paragraph who subsequently, without inclusion of the
5 ~~terms and conditions of paragraphs A, D and E~~ requirement of
6 paragraph A is entitled to purchase the service credit under
7 section 17713, subsection 2 and to receive a refund of the
8 amount paid under this paragraph that exceeds the cost to
9 purchase the service credit under section 17713.

10 **Sec. 4. 5 MRSA §18360, sub-§2, ¶D,** as enacted by PL 1985, c.
11 801, §§5 and 7, is repealed.

12 **Sec. 5. 5 MRSA §18360, sub-§2, ¶E,** as amended by PL 2001, c.
13 114, §5, is repealed.

14 **Sec. 6. 5 MRSA §18360, sub-§2, ¶I,** as enacted by PL 2001, c.
15 114, §6, is amended to read:

16 I. A member who fails to meet ~~one or more of the terms and~~
17 ~~conditions required under paragraphs A, D and E~~ the
18 requirement of paragraph A may purchase service credit as
19 provided in this paragraph. The member must have at least 5
20 years of creditable service and, before any retirement
21 benefit becomes effective for that member, must pay into the
22 Members' Contribution Fund, by a single direct payment or
23 annual direct payments to the retirement system, an amount
24 that, together with regular interest on that amount, is the
25 actuarial equivalent, at the effective date of the
26 retirement benefit, of the portion of the retirement benefit
27 based on the additional creditable service. Annual direct
28 payments must be made in accordance with section 17701,
29 subsection 4. Any member who purchases service credit under
30 this paragraph who subsequently, without inclusion of the
31 ~~terms and conditions of paragraphs A, D and E~~ requirement of
32 paragraph A is entitled to purchase the service credit under
33 section 18311, subsection 2 and to receive a refund of the
34 amount paid under this paragraph that exceeds the cost to
35 purchase the service credit under section 18311.'

42 **SUMMARY**

43 This amendment replaces the bill with language that
44 accurately reflects the intent of the bill. It provides that a
45 person need not have served in a federally recognized period of
46 conflict to be entitled to the subsidized rate for buying back
47 military service time if the person has 15 years of creditable
48

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2 service when the military service credits are being purchased.
3 If the person has fewer than 15 years of creditable service, the
4 person may continue to purchase military service time at the
actuarial cost, as long as the person has at least 5 years of
creditable service.

FISCAL NOTE REQUIRED
(See attached)

COMMITTEE AMENDMENT

**121st Maine Legislature
Office of Fiscal and Program Review**



LD 881

**An Act To Allow the Buyback of Active Duty Military Time for Maine
State Retirement System Credit**

LR 1047(02)

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Labor

Fiscal Note Required: Yes

Fiscal Note

Undetermined current biennium cost increase - All Funds

Fiscal Detail and Notes

Allowing members who served in the military at a time other than during a federally recognized period of conflict to purchase service credit at a subsidized cost regardless of when membership in the retirement system began would increase the unfunded liability of the Maine State Retirement System. Pursuant to the constitution of Maine, Article IX, Section 18-A, unfunded liabilities may not be created except those that result from experience losses. The Maine State Retirement System will require one-time additional General Fund appropriations and Highway Fund and other funds allocations, the amounts of which can not be determined at this time, representing the full actuarial value of the increase to the unfunded liability. An estimate prepared for legislation submitted to the 119th Legislature utilizing data from the Retirement System and the Department of Veterans Affairs indicated that the increase to the unfunded liability would be approximately \$701,000. There will be an additional cost to the Maine State Retirement System for the actuarial services that will be required to update this estimate.

According to the Retirement System, the impact of this legislation on the normal cost component can not be determined at this time. However, it is expected to be minimal, and would emerge over time through plan experience. The changes made by this legislation are applicable to both Participating Local Districts in the Consolidated Plan and to withdrawn PLD's only if adopted by either the Consolidated Plan Advisory Committee and the Board or by the PLD. Since acceptance of changes by a PLD requires acceptance of the cost of the change, no unfunded liability is created.