

# MAINE STATE LEGISLATURE

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*M.  
H. of S.*

L.D. 1009

DATE: 5-19-03

(Filing No. H-441)

**MAJORITY  
LABOR**

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

18

COMMITTEE AMENDMENT "A" to H.P. 730, L.D. 1009, Bill, "An Act Concerning Retirement Benefits for State Employees"

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Amend the bill by inserting at the end before the summary the following:

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**Sec. 2. Employee contribution.** If the Maine State Retirement System determines at the time a member retires that the member's benefit would be increased as a result of the inclusion of compensation that would have been paid for fiscal year 2002-03 days off without pay, as provided in the Maine Revised Statutes, Title 5, section 17001, subsection 4, paragraph A, the retirement system shall deduct from that member's first retirement benefit check an amount equal to the employee contribution that person would have made on the wages that would have been paid to that person on the days off without pay during the 2002-03 fiscal year, plus interest at the same rate as that required for payment of back contributions pursuant to Title 5, section 17704.

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A member who retired before the effective date of this Act may ask the retirement system to determine whether inclusion of the wages from those days off without pay would increase that member's retirement benefit and, if so, the retirement system shall recalculate that person's benefit, begin paying the higher amount to that person and deduct the contribution described in this section from the next retirement check of that person. The person is not entitled to any retroactive payment of the higher benefit amount.

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**Sec. 3. Appropriations and allocations.** The following appropriations and allocations are made. Funds must be

**COMMITTEE AMENDMENT**

1009

COMMITTEE AMENDMENT "A" to H.P. 730, L.D. 1009

2 transferred to the Maine State Retirement System on or  
immediately after the effective date of this Act.

4 **MAINE STATE RETIREMENT SYSTEM, BOARD OF TRUSTEES OF THE**

6 **Retirement Allowance Fund 0085**

8 Initiative: Provides funds for the employer's share of the costs  
associated with those current and future retirees for whom it is  
10 expected that fiscal year 2002-03 could be one of the average  
final compensation years used in the benefit calculation.

|    |                     |                 |                |
|----|---------------------|-----------------|----------------|
| 12 | <b>General Fund</b> | <b>2003-04</b>  | <b>2004-05</b> |
| 14 | All Other           | \$76,081        | \$0            |
| 16 | General Fund Total  | <u>\$76,081</u> | <u>\$0'</u>    |

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**SUMMARY**

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22 This amendment provides the funding necessary so that the  
inclusion of unpaid furlough days in the average final  
24 compensation of certain members will not create an unfunded  
liability for the Maine State Retirement System. It provides for  
an immediate appropriation of \$76,081 to represent the employer  
26 contribution and requires employees who gain a higher retirement  
benefit as a result of the bill to make up the missed employee  
28 contribution, plus interest, when they retire.

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**FISCAL NOTE REQUIRED**  
(See attached)

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**COMMITTEE AMENDMENT**

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

**LD 1009****An Act Concerning Retirement Benefits for State Employees****LR 1654(03)****Fiscal Note for Bill as Amended by Committee Amendment " "****Committee: Labor****Fiscal Note Required: Yes****Fiscal Note**

|                                   | 2003-04  | 2004-05 | Projections<br>2005-06 | Projections<br>2006-07 |
|-----------------------------------|----------|---------|------------------------|------------------------|
| <b>Net Cost (Savings)</b>         |          |         |                        |                        |
| General Fund                      | \$76,081 | \$0     | \$0                    | \$0                    |
| <b>Appropriations/Allocations</b> |          |         |                        |                        |
| General Fund                      | \$76,081 | \$0     | \$0                    | \$0                    |

**Fiscal Detail and Notes**

This bill revises the definition of average final compensation such that no reduction will be experienced for the days without pay required for state employees during the fiscal year beginning July 1, 2002. This legislation requires only those retirees for whom the inclusion of shutdown day earnings would result in an increased retirement benefit to pay the employee contributions associated with those lost earnings and allows for those missed contributions and accrued interest to be deducted from a retiree's first benefit check. This bill includes a one-time General Fund appropriation of \$76,081 in fiscal year 2003-04 to the Maine State Retirement System for the payment of the employer contributions associated with the shutdown earnings to be included in the calculation of retirement benefits. This appropriation is based on an estimate, developed by the Maine State Retirement System, that reflects the amount of employer contributions associated with those current and future retirees for whom it is expected that fiscal year 2002-03 could be one of the average final compensation years used in the benefit calculation.