

MAINE STATE LEGISLATURE

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MM
2/23/04

L.D. 1814

DATE: 2-23-04

(Filing No. H-710)

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LABOR

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
121ST LEGISLATURE
SECOND SPECIAL SESSION**

COMMITTEE AMENDMENT "A" to H.P. 1336, L.D. 1814, Bill, "An Act Concerning Disability Retirement Benefits under the Maine State Retirement System"

Amend the bill in section 1 in paragraph B in the 7th line (page 1, line 12 in L.D.) by striking out the following: "performance of" and inserting in its place the following: 'ability to perform'

Further amend the bill in section 1 in paragraph B in the 8th and 9th line (page 1, lines 13 and 14 in L.D.) by striking out the following: "of the disability retirement benefit"

Further amend the bill in section 2 in paragraph B in subparagraph (1) in the 12th line (page 2, line 15 in L.D.) by striking out the following: "performance of" and inserting in its place the following: 'ability to perform'

Further amend the bill in section 2 in paragraph B in subparagraph (1) in the 13th and 14th lines (page 2, lines 16 and 17 in L.D.) by striking out the following: "of the disability retirement benefit"

Further amend the bill in section 3 in paragraph B in the 7th line (page 3, line 7 in L.D.) by striking out the following: "performance of" and inserting in its place the following: 'ability to perform'

COMMITTEE AMENDMENT

2 Further amend the bill in section 3 in paragraph B in the
8th and 9th lines (page 3, lines 8 and 9 in L.D.) by striking out
4 the following: "of the disability retirement benefit"

6 Further amend the bill in section 4 in paragraph B in
subparagraph (1) in the 12th line (page 4, line 9 in L.D.) by
8 striking out the following: "performance of" and inserting in
its place the following: 'ability to perform'

10 Further amend the bill in section 4 in paragraph B in
12 subparagraph (1) in the 13th and 14th lines (page 4, lines 10 and
11 in L.D.) by striking out the following: "of the disability
14 retirement benefit"

16 Further amend the bill by striking out all of section 5.

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20 **SUMMARY**

22 Under current law, disability retirement benefits under the
Maine State Retirement System are discontinued after a certain
24 number of years if the person receiving the benefit is able to
engage in "substantially gainful activity." The current
26 determination of ability to engage in substantially gainful
activity is based on the person's ability to perform work that
28 would result in earnings of a certain amount, regardless of
whether the person is actually performing such work.

30 The bill bases the determination of "ability to engage in
substantially gainful activity" on the actual performance of work
32 resulting in that level of earnings. The amendment changes the
language to preserve the original method of making the
34 determination, i.e., basing it on the ability to perform work,
not the actual performance.

36 The amendment clarifies the language in the bill that
38 changes the amount of earnings that indicate the ability to
engage in substantially gainful activity. Under the bill, as
40 amended, that amount is \$20,000 or 80% of the person's average
final compensation at retirement, whichever is greater, adjusted
42 for increases in the cost-of-living.

44 Finally, the amendment removes the retroactivity provision.

FISCAL NOTE REQUIRED
(See attached)



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

LD 1814

**An Act Concerning Disability Retirement Benefits under the Maine State
Retirement System**

LR 2564(02)

Fiscal Note for Bill as Amended by Committee Amendment " "

Committee: Labor

Fiscal Note Required: Yes

Fiscal Note

Undetermined future biennium cost increase - All Funds

Fiscal Detail and Notes

Continuing the payment of disability benefits to recipients who, under current law, would have their disability retirement benefit discontinued will result in increased costs to the retirement plan. The impact can not be determined at this time. Although this legislation does not directly create an unfunded liability, it does result in the existing unfunded liability being paid down at a slower rate than what would have occurred without this provision. These costs will ultimately be reflected in the ongoing unfunded liability component of the employer retirement rate, resulting in increased employer contributions to the Maine State Retirement System for state employees and teachers.