

# MAINE STATE LEGISLATURE

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L.D. 1836

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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. 1360, L.D. 1836, Bill, "An Act To Amend the Laws Governing Purchase of Military Time Served under the Maine State Retirement System"

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 §17001, sub-§10, as enacted by PL 1985, c. 801, §§5 and 7, is amended to read:

**10. Creditable service.** "Creditable service" means a person's membership service, the person's prior service and service for which credit is allowable under sections 17755 and 17756; section 17760, subsection 2 3; section 18258; sections 18355 and 18356; and section 18360, subsection 2.

**Sec. 2. 5 MRSA §17713, sub-§2,** as amended by PL 1993, c. 349, §16, is further amended to read:

**2. Service before becoming a member.** A member who qualifies under section 17760 to purchase service credit at the cost set forth in section 17760, subsection 2, 4 shall contribute to the retirement system for the period of service in the armed forces as follows+.

~~A. If the member qualifies under section 17760, subsection 2, contributions~~ **Contributions** must be calculated at the percentage rate required of active members during the period of time covered by the service in the armed forces applied

2 to the member's earnable compensation during the first year  
as an employee after service in the armed forces, under the  
following terms and conditions:

4 (1) If 2 or more percentage rates were in effect  
6 during the period of service in the armed forces, the  
highest percentage rate must be used;

8 (2) The minimum rate is 5%; and

10 (3) Interest at a rate set by the board not to exceed  
12 regular interest by 2 or more percentage points must be  
14 paid on the unpaid balance beginning January 1, 1976,  
or the date of attaining 15 years of creditable  
16 service, if later, to the date payment is made.

18 C. The payment must be made to the retirement system by a  
single direct payment or by annual direct payments made in  
20 accordance with section 17701, subsection 4.

22 **Sec. 3. 5 MRSA §17760**, as amended by PL 2003, c. 387, §§2 and  
3, is further amended to read:

24 **§17760. Service in the armed forces**

26 Service credit for service in the United States Armed Forces  
is governed as follows. ~~Except as provided in subsection 1,~~  
28 ~~paragraph B, subparagraph (1), service credit under this section~~  
~~is limited to 5 years.~~

30 **1. Service after becoming a member.** A member is entitled to  
32 service credit for the period of time during which the member's  
membership is continued under section 17655, subsection 1, under  
34 the following terms and conditions. Except as provided in  
paragraph B, service credit under this subsection is limited to 5  
36 years.

38 A. A member who is otherwise entitled to service credit for  
military leave may not be deprived of these credits if the  
40 member's return to membership service is delayed beyond 90  
42 days after the member's separation from the service in the  
Armed Forces of the United States, under conditions other  
44 than dishonorable, if the delay is caused by an illness or  
disability incurred in the service in the armed forces.

46 B. A member may not receive service credit for military  
leave beyond the end of the period of first enlistment or  
48 induction or beyond 5 years from the date of original call  
to active duty in the armed forces, whichever is less,  
50 unless:

2 (1) The member's return to active duty in the armed  
4 forces or the extension of the period of service beyond  
5 years is required by some mandatory provision; and

6 (2) The person presents proof of the return to or  
8 extension of service satisfactory to the board.

10 ~~2. Service before becoming a member. A member who served as  
12 a full-time active-duty member of the armed forces before  
14 becoming a member of the retirement system is entitled to service  
16 credit for the period of time he served in the armed forces,  
18 under the following terms and conditions.~~

16 ~~A. Except as provided in paragraph G, on the date of  
18 retirement, the member must have at least 15 years of  
20 creditable service.~~

20 ~~C. The member must have separated from the armed forces  
22 under conditions other than dishonorable.~~

22 ~~D. Except as provided in paragraph E, the member must have  
24 begun membership before January 1, 1976.~~

26 ~~E. Except as provided in paragraph G, a member who served  
28 in the armed forces during any federally recognized period  
30 of conflict, as defined in Title 37, section 504,  
32 subsection 4, paragraph A 1, subparagraph (3), is entitled  
34 to service credit under this subsection.~~

32 ~~F. Upon complete payment of the back contributions under  
34 section 17713, the member shall be granted service credit  
36 for the period of time for which the contributions have been  
38 made. Upon making partial payment of the back contributions  
40 under section 17713, the member shall be granted service  
42 credit on a pro-rata basis in accordance with rules adopted  
44 by the board.~~

40 ~~G. A member who fails to meet one or more of the terms and  
42 conditions required under paragraphs A, D and E may purchase  
44 service credit as provided in this paragraph. The member  
46 must have at least 5 years of creditable service and, before  
48 any retirement benefit becomes effective for that member,  
50 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 payments must be made in accordance~~

~~with section 17701, subsection 4. Any member who purchases service credit under this paragraph who subsequently, without inclusion of the purchased service credit and prior to retirement, meets the terms and conditions of paragraphs A, D and E is entitled to purchase the service credit under section 17713, subsection 2 and to receive a refund of the amount paid under this paragraph that exceeds the cost to purchase the service credit under section 17713.~~

**3. Service before becoming member.** A member who served as a full-time active duty member of the United States Armed Forces before becoming a member and who separated from the armed forces under conditions other than dishonorable is entitled under this subsection to purchase service credit for the period of time that the member served in the armed forces by complying with the terms and conditions of this subsection and the applicable provisions of subsection 4 or 5. Service credit under this subsection is limited to 4 years.

A. A member may purchase service credit at the cost set forth in subsection 4 if the member has at least 15 years of creditable service at the time of retirement, the member makes payment as required under subsection 4 and the member:

(1) Began membership prior to January 1, 1976;

(2) Served in the United States Armed Forces during any federally recognized period of conflict; or

(3) Was awarded an Armed Forces Expeditionary Medal, a Combat Action Ribbon, a Combat Infantry Badge or any other campaign or expeditionary medal and the receipt of such a medal would allow the member to be considered "preference eligible" under 5 United States Code, Section 2108(3)(A) or 2108(3)(B). A member described in this subparagraph is entitled to purchase service credit at the cost set forth in subsection 4 only if a cost subsidy for that member's service credit has been paid to the retirement system as provided in subsection 6.

B. A member may purchase service credit at the cost set forth in subsection 5 if the member has at least 5 years of creditable service at the time of retirement and the member makes payment as required under subsection 5.

C. For purposes of this subsection, "federally recognized period of conflict" means World War I, April 6, 1917 to November 11, 1918 or to March 31, 1920 if service was in Russia; World War II, December 7, 1941 to December 31, 1946;

2 the Korean Conflict, June 27, 1950 to January 31, 1955; the  
4 Vietnam War, August 5, 1964 to May 7, 1975 and the period  
6 beginning on February 28, 1961 and ending on May 7, 1975 in  
8 the case of a veteran who served in the Republic of Vietnam  
during that period; and the Persian Gulf War, August 7, 1990  
to the date that the United States Government recognizes as  
the end of the Persian Gulf War.

10 4. Members qualified for credit at subsidized cost. A  
12 member qualified under subsection 3 to purchase service credit at  
14 the cost set forth in this subsection is entitled to service  
16 credit upon payment of back contributions under section 17713,  
18 subsection 2. Upon complete payment of back contributions, the  
member must be granted service credit for the period of time for  
which payment is made. Upon making partial payment, the member  
must be granted service credit on a pro rata basis in accordance  
with rules adopted by the board.

20 5. Members qualified for credit at actuarial cost. A  
22 member qualified under subsection 3 to purchase service credit at  
24 the cost set forth in this subsection is entitled to service  
26 credit if the member pays into the Members' Contribution Fund 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.

28 A. Payment must be made before any retirement benefit  
30 becomes effective for that member.

32 B. Payment may be made to the retirement system by a single  
34 direct payment or by annual direct payments in accordance  
with section 17701, subsection 4.

36 C. A person who purchases service credit under this  
38 subsection and who subsequently, without inclusion of the  
40 purchased service credit and prior to retirement, becomes  
42 qualified for service credit at the cost set forth in  
44 subsection 4 is entitled to purchase the service credit  
46 under section 17713, subsection 2 and to receive a refund of  
48 the amount paid under this subsection that exceeds the cost  
to purchase the service credit under section 17713. A  
person who would have been qualified to purchase service  
credit under subsection 4 prior to retirement if a timely  
appropriation had been made under subsection 6 is entitled  
to a refund under this subsection even if the person becomes  
qualified after retirement.

50 6. Cost subsidy for certain award recipients; annual  
report. A recipient of an award described in subsection 3,

2 paragraph A, subparagraph (3) may purchase service credit at a  
4 subsidized cost under subsection 4 only if the retirement system  
6 has received an appropriation of the difference between the  
8 actuarial cost of that member's service credit and the amount to  
10 be paid by the member under subsection 4.

12 A. The retirement system shall annually, by February 15th,  
14 report to the joint standing committee of the Legislature  
16 having jurisdiction over retirement matters and the joint  
18 standing committee of the Legislature having jurisdiction  
20 over appropriations matters:

22 (1) The amount, if any, in the account maintained for  
24 the purposes of this subsection;

26 (2) The cost to subsidize the purchase of service  
28 credit under this subsection for members who applied  
30 and were determined eligible in the calendar year  
32 immediately preceding the report; and

34 (3) The cost to subsidize the purchase of service  
36 credit under this subsection for members who applied  
38 and were determined eligible in each of the calendar  
40 years before the immediately preceding calendar year  
42 for which full appropriations were not made.

44 B. In response to the report described in paragraph A, the  
46 joint standing committee of the Legislature having  
48 jurisdiction over retirement matters may report out  
50 legislation appropriating funds for all or a part of the  
costs set forth in the report.

C. The retirement system shall maintain a separate account  
for funds appropriated for the purposes of this subsection.  
When the account contains sufficient funds to subsidize the  
purchase of service credit for all members who applied and  
were determined to be eligible in a particular calendar  
year, the retirement system shall allow that group of  
members to make purchases. Funds in the account must be  
applied to the earliest calendar year for which members  
remain who are eligible but have not yet been able to make  
purchases.

**Sec. 4. 5 MRSA §17851, sub-§4, ¶A, as amended by PL 1997, c.**  
**740, §3 and affected by §6, is further amended to read:**

A. Became a state police officer after July 9, 1943, but before September 16, 1984, and retires after completing 20 years of creditable service as a state police officer, which may include creditable service under section 17760,

2 subsection 1, but may not include creditable service under  
section 17760, subsection 2 3; or

4 **Sec. 5. 5 MRSA §17851, sub-§5, ¶B,** as enacted by PL 1985, c.  
801, §§5 and 7, is amended to read:

6 B. Retires after completing 20 years of creditable service  
8 in that capacity, which may include creditable service under  
section 17760, subsection 1, but may not include creditable  
10 service under section 17760, subsection 2 3.

12 **Sec. 6. 5 MRSA §17851, sub-§6, ¶B,** as enacted by PL 1985, c.  
801, §§5 and 7, is amended to read:

14 B. Retires after completing 20 years of creditable service  
16 in that capacity, which may include creditable service under  
section 17760, subsection 1, but may not include creditable  
18 service under section 17760, subsection 2 3.'

20

## SUMMARY

22

24 This amendment replaces the bill. Under current law, a  
Maine State Retirement System member can purchase service credit  
26 for military service at a subsidized rate as long as the person  
served during a federally recognized period of conflict. The  
term "federally recognized period of conflict" was contained in  
28 the Maine Revised Statutes, Title 37-B and served as the  
definition for purposes of the retirement laws. In 1999, that  
30 definition was repealed in Title 37-B. This amendment enacts a  
definition similar to that from Title 37-B as amended immediately  
32 prior to its repeal.

34 The amendment also allows recipients of the Armed Forces  
Expeditionary Medal and several other campaign and expeditionary  
36 medals and awards to purchase service credit at a subsidized  
rate, but only if an appropriation is made to the retirement  
38 system to cover the subsidy. The retirement system will report  
annually to the Legislature on the amounts needed to subsidize  
40 purchases by members who have applied and been determined  
eligible during the prior calendar year to make such a purchase.

42

44 The amendment clarifies the intent of legislation enacted  
last session regarding the maximum amount of service credit that  
may be granted for periods of service in the armed forces. The  
46 amendment also corrects cross-references.

FISCAL NOTE REQUIRED  
(See attached)



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

**LD 1836**

**An Act To Amend the Laws Governing Purchase of Military Time  
Served under the Maine State Retirement System**

**LR 2648(02)**

**Fiscal Note for Bill as Amended by Committee Amendment " "**

**Committee: Labor**

**Fiscal Note Required: Yes**



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**Fiscal Note**

Potential future biennium cost increase - All Funds

**Fiscal Detail and Notes**

This bill expands the number of members who may be eligible to purchase military service credit at a subsidized rate. Since this bill allows for these additional members to purchase military service at a subsidized rate only after a General Fund appropriation has been made by the Legislature that is sufficient to subsidize the difference between the actuarial cost of the members' service credit and the amount to be paid by the member, there is no immediate cost to the retirement plan. The future cost can not be determined at this time and will depend on the number of members who apply and are found eligible to purchase military service credit under this provision.