

# MAINE STATE LEGISLATURE

The following document is provided by the  
**LAW AND LEGISLATIVE DIGITAL LIBRARY**  
at the Maine State Law and Legislative Reference Library  
<http://legislature.maine.gov/lawlib>



Reproduced from scanned originals with text recognition applied  
(searchable text may contain some errors and/or omissions)



# 122nd MAINE LEGISLATURE

## FIRST REGULAR SESSION-2005

---

Legislative Document

No. 1021

H.P. 706

House of Representatives, March 1, 2005

**An Act To Implement Task Force Recommendations Relating to  
Parity and Portability of Benefits for Law Enforcement Officers and  
Firefighters**

---

Reported by Representative DUPLESSIE of Westbrook for the Task Force to Study Parity and Portability of Retirement Benefits for State Law Enforcement Officers, Municipal and County Law Enforcement Officers and Firefighters pursuant to Resolve 2003, chapter 76.

Reference to the Committee on Labor suggested and ordered printed under Joint Rule 218.

*Millicent M. MacFarland*  
MILLICENT M. MacFARLAND  
Clerk

2 **Be it enacted by the People of the State of Maine as follows:**

4 **PART A**

6 **Sec. A-1. 5 MRSA c. 13, sub-c. 3** is enacted to read:

8 **SUBCHAPTER 3**

10 **HEALTH INSURANCE SUBSIDY FOR RETIRED LAW ENFORCEMENT**  
12 **OFFICERS AND FIREFIGHTERS**

14 **§286-M. Subsidy**

16 1. Eligibility. The State shall pay a subsidy toward the  
18 cost of health insurance for eligible retired law enforcement  
officers and firefighters. A law enforcement officer or  
firefighter is eligible for the subsidy if that person is:

20 A. Retired from a position as a county or municipal law  
22 enforcement officer or municipal firefighter; and

24 B. Receiving a retirement benefit from a special plan  
26 administered by the Maine State Retirement System, as long  
28 as that plan allows for retirement after no more than 25  
30 years of service, with a benefit of at least 50% of average  
32 final compensation, with no reduction for early retirement  
and with a cost-of-living adjustment, or from a special plan  
that does not provide a cost-of-living adjustment but that  
requires fewer than 25 years of service to retire or that  
provides a benefit of more than 50% of average final  
compensation after 25 years of service.

34 2. Health insurance coverage; amount of subsidy. Subject  
36 to the limitations provided in this subsection, the State shall  
pay 100% of the retiree portion of the health insurance premium  
for eligible law enforcement officers and firefighters.

38 A. If the retiree is eligible to participate in the health  
40 insurance plan of the retiree's former employer, the subsidy  
42 is based on the retiree portion of premium for that plan.  
44 If the retiree is not eligible to participate in the former  
employer's plan, the subsidy is based on the premium paid by  
the retiree for a comparable health insurance policy.

46 B. The subsidy paid under this section for an individual  
48 retiree may not exceed:

2           (1) If the retiree is eligible for Medicare, the cost  
3           of the Medicare supplement policy provided to state  
4           retirees pursuant to subchapter 2; or

6           (2) If the retiree is not eligible for Medicare, the  
7           cost of the health insurance coverage for active state  
8           employees pursuant to subchapter 2.

10           3. Administration. The Department of Administrative and  
11           Financial Services shall administer the payment of subsidies  
12           under subsection 2. The department shall attempt to enter into  
13           agreements with health insurance providers to bill the department  
14           directly for premiums. If the department is unable to form such  
15           agreements, the department shall pay the subsidy as reimbursement  
16           to retirees after the retirees have paid the premium.

18           §286-N. Fund

20           1. Fund created; revenue sources. The Retired Law  
21           Enforcement Officer and Firefighter Health Insurance Dedicated  
22           Revenue Fund, referred to in the subchapter as "the fund," is  
23           established in the Department of Administrative and Financial  
24           Services as a nonlapsing, dedicated account. The fund consists  
25           of:

26           A. Employee contributions collected pursuant to section  
27           286-O;

28           B. Taxes collected on certain property and casualty  
29           insurance premiums pursuant to Title 36, section 2513-C;

30           C. Interest earned on investments of the fund; and

31           D. Any other private or public funds contributed to the  
32           fund.

33           2. Uses. The fund must be used to pay the subsidy provided  
34           for in section 286-M for implementation costs for that subsidy,  
35           and for no other purpose.

36           §286-O. Employee contributions to fund

37           A contribution of 1.5% of compensation must be paid to the  
38           fund by each law enforcement officer and each firefighter who  
39           participates as an active employee in a Maine State Retirement  
40           System plan described in section 286-M, subsection 1, paragraph  
41           B. The employer of the officer or firefighter shall remit the  
42           contribution to the fund. The fund is a pooled account and  
43           individual officers and firefighters do not have a right to funds  
44           deposited in the fund, except as provided in section 286-M.

2        **§286-P. Report and review of funding**

4            The Department of Administrative and Financial Services  
6        shall submit a report to the First Regular Session of the 125th  
8        Legislature on revenue to the fund, expenditures from the fund,  
10       any balance remaining in the fund as of the close of the prior  
12       fiscal year and a projection of funding needs for the next 5  
14       years. The report must provide options, based on projections of  
16       future need, for changing the method of funding the subsidy,  
18       which may include an increase, elimination or decrease of the  
20       premium tax rate under Title 36, section 2513-C, employee  
22       contributions or both.

24            **Sec. A-2. 36 MRSA §2513-C is enacted to read:**

26            **§2513-C. Additional tax on premium**

28            **1. Tax imposed.** In addition to the tax imposed in section  
30        2513, a tax of .50% is imposed on gross direct premiums on  
32        contracts written or risks located or resident in the State for  
34        the following types of insurance:

36            A. Private passenger car liability or physical damage;

38            B. Commercial auto liability, no-fault or physical damage;

40            C. Homeowners multiple peril;

42            D. Commercial or farm owners multiple peril;

44            E. Allied lines;

46            F. Inland marine;

48            G. Aircraft multiple peril;

50            H. Boiler and machinery;

I. Fire;

J. Burglary and theft;

K. Ocean marine; and

L. Other liability insurance.

**2. Collection and deposit of tax.** The State Tax Assessor  
shall collect the tax imposed by this section and shall deposit  
receipts in the Retired Law Enforcement Officer and Firefighter

2 Health Insurance Dedicated Revenue Fund created in Title 5,  
3 section 286-N.

4 3. Applicability of this section. The tax imposed under  
5 this section is imposed on premiums following the same credits  
6 and deductions as allowed for the tax imposed in section 2513.  
7 For purposes of collection and enforcement, this tax is  
8 considered a part of the tax collected under section 2513.

10 **Sec. A-3. Report.** The Department of Administrative and  
11 Financial Services, Bureau of Insurance shall submit a report to  
12 the Second Regular Session of the 122nd Legislature setting forth  
13 various methods of collecting equitable amounts of contributions  
14 toward the cost of retiree health insurance from businesses that  
15 do not purchase the types of insurance contracts listed under the  
16 Maine Revised Statutes, Title 36, section 2513-C, subsection 1.  
17 The bureau shall submit the report not later than December 1,  
18 2005. The report must include a description of examples of  
19 noninsured entities assessed for certain costs on a basis other  
20 than insurance premiums: for example, under the workers'  
21 compensation law.

## 24 PART B

26 **Sec. B-1. 5 MRSA §17656, sub-§1, ¶D** is enacted to read:

28 D. If the plan from which the member is transferring and  
29 the plan to which the member is transferring are both plans  
30 described in Title 5, section 286-M, subsection 1, paragraph  
31 B, the member may elect to make the contribution necessary  
32 to include all or part of the member's creditable service  
33 and earnable compensation from the prior plan in the new  
34 plan. The retirement system shall establish procedures for  
35 determining the contribution necessary for such a member to  
36 carry forward all or part of the creditable service and  
37 earnable compensation from a prior plan or plans.

38 **Sec. B-2. 5 MRSA §18253, sub-§1, ¶E** is enacted to read:

40 E. If the plan from which the member is transferring and the  
41 plan to which the member is transferring are both plans  
42 described in Title 5, section 286-M, subsection 1, paragraph  
43 B, the member may elect to make the contribution necessary  
44 to include all or part of the member's creditable service  
45 and earnable compensation from the prior plan in the new  
46 plan. The retirement system shall establish procedures for  
47 determining the contribution necessary for such a member to  
48 carry forward all or part of the creditable service and  
49 earnable compensation from a prior plan or plans.

2

4

## SUMMARY

6

This bill is the unanimous recommendation of the Task Force to Study Parity and Portability of Retirement Benefits for State Law Enforcement Officers, Municipal and County Law Enforcement Officers and Firefighters.

10

12

14

16

18

20

22

24

26

28

30

32

34

36

Part A creates a state subsidy for the cost of retiree health insurance for municipal and county law enforcement officers and firefighters who retire from certain Maine State Retirement System retirement plans. To pay for the subsidy, the bill creates a dedicated account funded from 2 sources: a 0.50% premium tax on certain types of property and casualty insurance policies, including homeowners insurance and commercial and personal car insurance, and a contribution of 1.5% of compensation from active municipal and county law enforcement officers and firefighters who participate in certain retirement plans and are likely to be eligible for the subsidy upon retirement. Officers and firefighters are eligible for the subsidy only if they have retired from a Maine State Retirement System retirement plan that provides for retirement after 25 years of service, with a benefit of at least 50% of average final compensation and a cost-of-living adjustment, or a better Maine State Retirement System retirement plan. The bill requires the Department of Administrative and Financial Services to report on revenue and funding of the subsidy to the Legislature in 2011. It also requires the Bureau of Insurance in the Department of Professional and Financial Regulation to submit a report to the Second Regular Session of the 122nd Legislature setting forth options for collecting contributions toward the cost of the retiree health insurance from businesses that do not purchase insurance for the types of property and casualty risks described in the bill.

38

40

42

44

46

48

50

Part B allows state, county and municipal law enforcement officers and firefighters who change employers to purchase portability of their retirement benefits, if they are changing retirement plans and the plan to which they are moving does not provide portability. Portability would allow a person to count all or a portion of years of service from an earlier retirement plan when calculating a benefit or meeting the years-of-service requirement in a later retirement plan, and to count compensation from all years of service in determining average final compensation, one of the factors in calculating a retirement benefit. This provision would apply only to persons moving among the types of Maine State Retirement System retirement plans described above.