

# MAINE STATE LEGISLATURE

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Date: 06-08-07

(Filing No. S- 259)

**LABOR**

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**STATE OF MAINE  
SENATE  
123RD LEGISLATURE  
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to S.P. 534, L.D. 1511, "RESOLUTION, Proposing an Amendment to the Constitution of Maine To Dispose of Unfunded Liabilities in State Retiree Health Care Plans"

Amend the resolution by striking out section 24 and inserting the following:

**Section 24. Payment of unfunded liabilities in state retiree health care plans.**  
Each fiscal year beginning with the fiscal year starting July 1, 2008, the Legislature shall appropriate and allocate funds that will retire in 30 years the unfunded liabilities in the state retiree health care plans for state employees and teachers. Annual payments must be made on the basis of an independent actuarial analysis conducted every 2 years so that the unfunded liabilities of the state retiree health care plans for state employees and teachers are eliminated no later than fiscal year 2038. The unfunded liabilities referred to in this section are those in existence on the effective date of this section.

Amend the resolution by striking out the question (page 1, lines 21 to 23 in L.D.) and inserting the following:

"Do you favor amending the Constitution of Maine to eliminate the unfunded liabilities of the state retiree health care plans for state employees and teachers by fiscal year 2038?"

**SUMMARY**

This amendment provides a requirement for the allocation of funds in the proposed constitutional amendment, identifies state employee and teacher plans as the subject of the amendment, changes from 25 to 30 years the time period by the end of which unfunded liabilities will be retired, provides that actuarial analyses be conducted every 2 years as a basis for annual payments and removes a prohibition on incurring further liability.

**FISCAL NOTE REQUIRED**  
**(See attached)**

**COMMITTEE AMENDMENT**



# 123rd MAINE LEGISLATURE

LD 1511

LR 1280(02)

## RESOLUTION, Proposing an Amendment to the Constitution of Maine To Dispose of Unfunded Liabilities in State Retiree Health Care Plans

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

Committee: Labor

Fiscal Note Required: Yes

### Fiscal Note

Current biennium cost increase - General Fund

Future biennium cost increase - General Fund

#### Referendum Costs

Month/Year	Election Type	Question	Length
Nov-07	General	Referendum	Standard

The Secretary of State's budget includes sufficient funds to accommodate one ballot of average length for the general election in November. If the number or size of the referendum questions increases the ballot length, an additional appropriation of \$8,000 or more may be required.

#### Fiscal Detail and Notes

If voters approve the referendum in November the State will be required to make annual payments that will eliminate the unfunded liability of the State retiree health care plans no later than fiscal year 2038. The Administration's current plan to address this unfunded liability is to increase annual contributions beginning in 2010 to put the State on a 10-year path to making the annual required contributions necessary to fund the liability of the retiree health care plans. In addition, Part LL of the Committee Amendment to LD 499, would create an irrevocable trust fund for health care plan benefits that would help reduce this unfunded liability by increasing the rate of return on plan assets.

Under the Administration's plan, contributions for retiree health insurance as a percentage of total State payroll will increase from 5.9% in state fiscal year 2008-09 to 13.4% by state fiscal year 2019 and thereafter until fiscal year 2038.