

MAINE STATE LEGISLATURE

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MC
R.M.S.

L.D. 1693

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2 Date: 4-10-08

(Filing No. S-604)

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Reproduced and distributed under the direction of the Secretary of the Senate.

4

STATE OF MAINE

5

SENATE

6

123RD LEGISLATURE

7

FIRST SPECIAL SESSION

8

SENATE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to S.P. 600,
9 L.D. 1693, Bill, "An Act To Restore Equity to the Maine State Retirement System"

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Amend the amendment by striking out the first 5 indented paragraphs after the
substitute title (page 1, lines 14 to 34 in amendment) and inserting the following:

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'Amend the bill by striking out sections 1 to 11 and inserting the following:

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'Sec. 1. 3 MRSA §851, sub-§2-A, as amended by PL 2007, c. 491, §26, is further
amended to read:

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**2-A. Early retirement; employed under program on June 30, 1993, but less than
10 years creditable service on July 1, 1993.** Any member, whether or not in service at
retirement, who on June 30, 1993 was employed in a position that is covered under the
State Employee and Teacher Retirement Program, the Legislative Retirement Program or
the Judicial Retirement Program but who on July 1, 1993 had less than 10 years of
creditable service and who has completed at least 25 years of creditable service may retire
any time before the member's 62nd birthday. Creditable service as a member of any other
retirement program of the Maine Public Employees Retirement System may be combined
with creditable service as a member of the Legislative Retirement Program for the
purpose of determining the completion of 25 years of creditable service. The retirement
allowance is determined in accordance with section 852, except that it is reduced by 6%
3% for each year that the member's age precedes age 62.

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Sec. 2. 3 MRSA §851, sub-§2-C is enacted to read:

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2-C. Early retirement; not employed under program on June 30, 1993. Any
member, whether or not in service at retirement, who on June 30, 1993 was not employed
in a position that is covered under the State Employee and Teacher Retirement Program,
the Legislative Retirement Program or the Judicial Retirement Program and who has
completed at least 25 years of creditable service may retire any time before the member's
62nd birthday. Creditable service as a member of the Maine Public Employees
Retirement System may be combined with creditable service as a member of the Maine
Legislative Retirement System for the purpose of determining the completion of 25 years

R.O.S.

1 of creditable service. The retirement allowance is determined in accordance with section
2 852, except that it is reduced by 6% for each year that the member's age precedes age 62.

3 **Sec. 3. 4 MRSA §1351, sub-§3-A**, as amended by PL 1999, c. 756, §9, is further
4 amended to read:

5 **3-A. Early retirement; employed under program on June 30, 1993, but less than**
6 **10 years creditable service on July 1, 1993.** Any member, whether or not in service at
7 retirement, who on June 30, 1993 was employed in a position that is covered under the
8 State Employee and Teacher Retirement Program, the Legislative Retirement Program or
9 the Judicial Retirement Program but who on July 1, 1993 had less than 10 years of
10 creditable service and who has completed at least 25 years of creditable service may retire
11 any time before the member's 62nd birthday. The retirement allowance is determined in
12 accordance with section 1352, except that the benefit is reduced by ~~6%~~ 3% for each year
13 that the member's age precedes age 62.

14 **Sec. 4. 4 MRSA §1351, sub-§3-B** is enacted to read:

15 **3-B. Early retirement; not employed under program on June 30, 1993.** Any
16 member, whether or not in service at retirement, who on June 30, 1993 was not employed
17 in a position that is covered under the State Employee and Teacher Retirement Program,
18 the Legislative Retirement Program or the Judicial Retirement Program and who has
19 completed at least 25 years of creditable service may retire any time before the member's
20 62nd birthday. The retirement allowance is determined in accordance with section 1352,
21 except that the benefit is reduced by 6% for each year that the member's age precedes age
22 62.

23 **Sec. 5. 5 MRSA §17851-A, sub-§4, ¶A**, as repealed and replaced by PL 2003, c.
24 510, Pt. D, §3 and affected by §§6 and 7, is amended to read:

25 A. If all of the member's creditable service in any one or a combination of the
26 capacities specified in subsection 1 was earned after June 30, 1998 and before
27 September 1, 2002 for employees identified in subsection 1, paragraphs A and B;
28 after June 30, 1998 for employees identified in subsection 1, paragraphs C to H; after
29 December 31, 1999 for employees identified in subsection 1, paragraphs I to K; after
30 December 31, 2001 for employees identified in subsection 1, paragraph L; and after
31 June 30, 2002 for employees identified in subsection 1, paragraph M; if service credit
32 was purchased by repayment of an earlier refund of accumulated contributions for
33 service in any one or a combination of the capacities specified in subsection 1 after
34 June 30, 1998 and before September 1, 2002 for employees identified in subsection 1,
35 paragraphs A and B; after June 30, 1998 for employees identified in subsection 1,
36 paragraphs C to H; after December 31, 1999 for employees identified in subsection 1,
37 paragraphs I to K; after December 31, 2001 for employees identified in subsection 1,
38 paragraph L; and after June 30, 2002 for employees identified in subsection 1,
39 paragraph M; or if service credit was purchased by other than the repayment of an
40 earlier refund and eligibility to make the purchase of the service credit, including, but
41 not limited to, service credit for military service, was achieved after June 30, 1998
42 and before September 1, 2002 for employees identified in subsection 1, paragraphs A
43 and B; after June 30, 1998 for employees identified in subsection 1, paragraphs C to
44 H; after December 31, 1999 for employees identified in subsection 1, paragraphs I to

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SENATE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to S.P. 600, L.D. 1693

1 K; after December 31, 2001 for employees identified in subsection 1, paragraph L;
2 and after June 30, 2002 for employees identified in subsection 1, paragraph M, the
3 benefit must be computed as provided in section 17852, subsection 1, paragraph A.

4 (1) If the member had 10 years of creditable service on July 1, 1993, the benefit
5 under subsection 2, paragraph B must be reduced as provided in section 17852,
6 subsection 3, paragraphs A and B.

7 (2) If the member on June 30, 1993 was employed in a position that is covered
8 under the State Employee and Teacher Retirement Program, the Legislative
9 Retirement Program or the Judicial Retirement Program but had fewer than 10
10 years of creditable service on July 1, 1993, the benefit under subsection 2,
11 paragraph B must be reduced by 6% 3% for each year that the member's age
12 precedes 55 years of age.

13 (3) If the member on June 30, 1993 was not employed in a position that is
14 covered under the State Employee and Teacher Retirement Program, the
15 Legislative Retirement Program or the Judicial Retirement Program, the benefit
16 under subsection 2, paragraph B must be reduced by 6% for each year that the
17 member's age precedes 55 years of age.

18 **Sec. 6. 5 MRSA §17851-A, sub-§4, ¶B,** as repealed and replaced by PL 2003, c.
19 510, Pt. D, §4 and affected by §§6 and 7, is amended to read:

20 B. Except as provided in paragraphs D and E, if some part of the member's
21 creditable service in any one or a combination of the capacities specified in
22 subsection 1 was earned before July 1, 1998 for employees identified in subsection 1,
23 paragraphs A to H; before January 1, 2000 for employees identified in subsection 1,
24 paragraphs I to K; before January 1, 2002 for employees identified in subsection 1,
25 paragraph L; and before July 1, 2002 for employees identified in subsection 1,
26 paragraph M and some part of the member's creditable service in any one or a
27 combination of the capacities specified in subsection 1 was earned after June 30,
28 1998 and before September 1, 2002 for employees identified in subsection 1,
29 paragraphs A and B; after June 30, 1998 for employees identified in subsection 1,
30 paragraphs C to H; after December 31, 1999 for employees identified in subsection 1,
31 paragraphs I to K; after December 31, 2001 for employees identified in subsection 1,
32 paragraph L; and after June 30, 2002 for employees identified in subsection 1,
33 paragraph M, then the member's service retirement benefit must be computed in
34 segments and the amount of the member's service retirement benefit is the sum of the
35 segments. The segments must be computed as follows:

36 (1) The segment or, if the member served in more than one of the capacities
37 specified in subsection 1 and the benefits related to the capacities are not
38 interchangeable under section 17856, segments that reflect creditable service
39 earned before July 1, 1998 for employees identified in subsection 1, paragraphs A
40 to H; before January 1, 2000 for employees identified in subsection 1, paragraphs
41 I to K; before January 1, 2002 for employees identified in subsection 1,
42 paragraph L; and before July 1, 2002 for employees identified in subsection 1,
43 paragraph M or purchased by repayment of an earlier refund of accumulated
44 contributions for service before July 1, 1998, for employees identified in

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12 of 13

SENATE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to S.P. 600, L.D. 1693

1 subsection 1, paragraphs A to H; before January 1, 2000 for employees identified
2 in subsection 1, paragraphs I to K; before January 1, 2002 for employees
3 identified in subsection 1, paragraph L; and before July 1, 2002 for employees
4 identified in subsection 1, paragraph M in a capacity or capacities specified in
5 subsection 1 or purchased by other than the repayment of a refund and eligibility
6 to make the purchase of the service credit, including, but not limited to, service
7 credit for military service, was achieved before July 1, 1998 for employees
8 identified in subsection 1, paragraphs A to H; before January 1, 2000 for
9 employees identified in subsection 1, paragraphs I to K; before January 1, 2002
10 for employees identified in subsection 1, paragraph L; and before July 1, 2002 for
11 employees identified in subsection 1, paragraph M, must be computed under
12 section 17852, subsection 1, paragraph A. If the member is qualified under
13 subsection 2, paragraph B and:

14 (a) Had 10 years of creditable service on July 1, 1993, the amount of the
15 segment or segments must be reduced as provided in section 17852,
16 subsection 3, paragraphs A and B; or

17 (b) Had fewer than 10 years of creditable service on July 1, 1993, the
18 amount of the segment or segments must be reduced as provided in section
19 17852, subsection 3-A; and

20 (2) The segment that reflects creditable service earned after June 30, 1998 and
21 before September 1, 2002 for employees identified in subsection 1, paragraphs A
22 and B; after June 30, 1998 for employees identified in subsection 1, paragraphs C
23 to H; after December 31, 1999 for employees identified in subsection 1,
24 paragraphs I to K; after December 31, 2001 for employees identified in
25 subsection 1, paragraph L; and after June 30, 2002 for employees identified in
26 subsection 1, paragraph M or purchased by repayment of an earlier refund of
27 accumulated contributions for service after June 30, 1998 and before September
28 1, 2002 for employees identified in subsection 1, paragraphs A and B; after June
29 30, 1998 for employees identified in subsection 1, paragraphs C to H; after
30 December 31, 1999 for employees identified in subsection 1, paragraphs I to K;
31 after December 31, 2001 for employees identified in subsection 1, paragraph L;
32 and after June 30, 2002 for employees identified in subsection 1, paragraph M in
33 any one or a combination of the capacities specified in subsection 1, or purchased
34 by other than the repayment of a refund and eligibility to make the purchase of
35 the service credit, including, but not limited to, service credit for military service,
36 was achieved after June 30, 1998 and before September 1, 2002 for employees
37 identified in subsection 1, paragraphs A and B; after June 30, 1998 for employees
38 identified in subsection 1, paragraphs C to H; after December 31, 1999 for
39 employees identified in subsection 1, paragraphs I to K; after December 31, 2001
40 for employees identified in subsection 1, paragraph L; and after June 30, 2002 for
41 employees identified in subsection 1, paragraph M must be computed under
42 section 17852, subsection 1, paragraph A. If the member is qualified under
43 subsection 2, paragraph B and:

44 (a) Had 10 years of creditable service on July 1, 1993, the segment amount
45 must be reduced in the manner provided in section 17852, subsection 3,

1 paragraphs A and B for each year that the member's age precedes 55 years of
2 age; or

3 (b) Had On June 30, 1993 was employed in a position that is covered under
4 the State Employee and Teacher Retirement Program, the Legislative
5 Retirement Program or the Judicial Retirement Program but had fewer than
6 10 years of creditable service on July 1, 1993, the segment amount must be
7 reduced by 6% 3% for each year that the member's age precedes 55 years of
8 age; or

9 (c) On June 30, 1993 was not employed in a position that is covered under
10 the State Employee and Teacher Retirement Program, the Legislative
11 Retirement Program or the Judicial Retirement Program, the segment amount
12 must be reduced by 6% for each year that the member's age precedes 55
13 years of age.

14 **Sec. 7. 5 MRSA §17851-A, sub-§4, ¶E**, as enacted by PL 2001, c. 409, §5, is
15 amended to read:

16 E. The service retirement benefit of a member to whom subsection 1, paragraph L
17 applies and who qualifies for service retirement benefits under subsection 2 must be
18 computed under section 17852, subsection 1, paragraph A on the basis of all of the
19 member's creditable service in the capacity specified in subsection 1, paragraph L,
20 regardless of when that creditable service was earned, except that for a member
21 qualifying under subsection 2, paragraph B:

22 (1) If the member had 10 years of service on July 1, 1993, the benefit must be
23 reduced as provided in section 17852, subsection 3, paragraphs A and B for each
24 year the member's age precedes 55 years of age; or

25 (2) If the member on June 30, 1993 was employed in a position that is covered
26 under the State Employee and Teacher Retirement Program, the Legislative
27 Retirement Program or the Judicial Retirement Program but had fewer than 10
28 years of creditable service on July 1, 1993, the benefit must be reduced by 6%
29 3% for each year that the member's age precedes 55 years of age; or

30 (3) If the member on June 30, 1993 was not employed in a position that is
31 covered under the State Employee and Teacher Retirement Program, the
32 Legislative Retirement Program or the Judicial Retirement Program, the benefit
33 must be reduced by 6% for each year that the member's age precedes 55 years of
34 age.

35 **Sec. 8. 5 MRSA §17852, sub-§3-A**, as amended by PL 1999, c. 489, §17, is
36 further amended to read:

37 **3-A. Member with creditable service of 25 years or more whether or not in**
38 **service at retirement; employed under program on June 30, 1993 but fewer than 10**
39 **years of creditable service on July 1, 1993.** The amount of the service retirement
40 benefit for members qualified under section 17851, subsection 3; is computed in
41 accordance with subsection 1, except that:

R.013.

SENATE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to S.P. 600, L.D. 1693

1 C. The benefit is reduced by 6% 3% for each year that the member's age precedes
2 62 years of age; and

3 D. Effective October 1, 1999, the reduction to be applied to the service retirement
4 benefit of a member to whom this subsection applies may not be greater than that in
5 effect on October 1, 1999 under paragraph C for a member who, on October 1, 1999
6 or thereafter, meets the creditable service requirement for eligibility to receive a
7 service retirement benefit under section 17851, subsection 1-C, paragraph A; section
8 17851, subsection 1-C, paragraph B; section 17851, subsection 2-C, paragraph A;
9 section 17851, subsection 2-C, paragraph B; or section 17851-A, subsection 2,
10 paragraph A. For a member to whom section 17851-A applies, this paragraph must
11 be applied in accordance with the requirements of section 17851-A, subsection 4.

12 This subsection applies to members who on June 30, 1993 were employed in a position
13 that is covered under the State Employee and Teacher Retirement Program, the
14 Legislative Retirement Program or the Judicial Retirement Program but who, on July 1,
15 1993, do not have 10 years of creditable service.

16 **Sec. 9. 5 MRSA §17852, sub-§3-B** is enacted to read:

17 **3-B. Member with creditable service of 25 years or more whether or not in**
18 **service at retirement; not employed under program on June 30, 1993.** The amount of
19 **the service retirement benefit for members qualified under section 17851, subsection 3 is**
20 **computed in accordance with subsection 1, except that:**

21 **A. The benefit is reduced by 6% for each year that the member's age precedes 62**
22 **years of age.**

23 This subsection applies to members who on June 30, 1993 were not employed in a
24 position that is covered under the State Employee and Teacher Retirement Program, the
25 Legislative Retirement Program or the Judicial Retirement Program.

26 **Sec. 10. 5 MRSA §17852, sub-§5-B, ¶B**, as enacted by PL 1995, c. 624, §6, is
27 amended to read:

28 B. For members who on June 30, 1993 were employed in a position that is covered
29 under the State Employee and Teacher Retirement Program, the Legislative
30 Retirement Program or the Judicial Retirement Program but who do not have 10
31 years of creditable service on July 1, 1993, the retirement benefit is determined in
32 accordance with subsection 1, except that the benefit is reduced by 6% 3% for each
33 year that the person's age precedes 55 years of age.

34 **Sec. 11. 5 MRSA §17852, sub-§5-B, ¶C** is enacted to read:

35 **C. For members who on June 30, 1993 were not employed in a position that is**
36 **covered under the State Employee and Teacher Retirement Program, the Legislative**
37 **Retirement Program or the Judicial Retirement Program, the retirement benefit is**
38 **determined in accordance with subsection 1 except that the benefit is reduced by 6%**
39 **for each year that the person's age precedes 55 years of age.**

40 **Sec. 12. 5 MRSA §17852, sub-§6-B, ¶B**, as reenacted by PL 2001, c. 559, Pt.
41 RR, §11 and affected by §17, is amended to read:

SENATE AMENDMENT

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SENATE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to S.P. 600, L.D. 1693

1 B. For members who on June 30, 1993 were employed in a position that is covered
2 under the State Employee and Teacher Retirement Program, the Legislative
3 Retirement Program or the Judicial Retirement Program but who do not have 10
4 years of creditable service on July 1, 1993, the retirement benefit is determined in
5 accordance with subsection 1, except that the benefit is reduced by ~~6%~~ 3% for each
6 year that the person's age precedes 55 years of age.

7 **Sec. 13. 5 MRSA §17852, sub-§6-B, ¶C** is enacted to read:

8 C. For members who on June 30, 1993 were not employed in a position that is
9 covered under the State Employee and Teacher Retirement Program, the Legislative
10 Retirement Program or the Judicial Retirement Program, the retirement benefit is
11 determined in accordance with subsection 1 except that the benefit is reduced by 6%
12 for each year that the person's age precedes 55 years of age.

13 **Sec. 14. 5 MRSA §17852, sub-§7-B, ¶B**, as enacted by PL 1995, c. 624, §10, is
14 amended to read:

15 B. For members who on June 30, 1993 were employed in a position that is covered
16 under the State Employee and Teacher Retirement Program, the Legislative
17 Retirement Program or the Judicial Retirement Program but who do not have 10
18 years of creditable service on July 1, 1993, the retirement benefit is determined in
19 accordance with subsection 1, except that the benefit is reduced by ~~6%~~ 3% for each
20 year that the person's age precedes 55 years of age.

21 **Sec. 15. 5 MRSA §17852, sub-§7-B, ¶C** is enacted to read:

22 C. For members who on June 30, 1993 were not employed in a position that is
23 covered under the State Employee and Teacher Retirement Program, the Legislative
24 Retirement Program or the Judicial Retirement Program, the retirement benefit is
25 determined in accordance with subsection 1 except that the benefit is reduced by 6%
26 for each year that the person's age precedes 55 years of age.

27 **Sec. 16. 5 MRSA §17852, sub-§10, ¶C-1**, as repealed and replaced by PL 1993,
28 c. 410, Pt. L, §41, is amended to read:

29 C-1. For persons qualifying under section 17851, subsection 11, paragraph B, and
30 who retire before reaching the age of 55, the retirement benefit is determined in
31 accordance with subsection 1, except that the benefit is reduced by ~~6%~~ 3% for each
32 year that the member's age precedes age 55.

33 This paragraph applies to members who on June 30, 1993 were employed in a
34 position that is covered under the State Employee and Teacher Retirement Program,
35 the Legislative Retirement Program or the Judicial Retirement Program but who, on
36 July 1, 1993, do not have 10 years of creditable service.

37 **Sec. 17. 5 MRSA §17852, sub-§10, ¶C-2** is enacted to read:

38 C-2. For persons qualifying under section 17851, subsection 11, paragraph B, and
39 who retire before reaching the age of 55, the retirement benefit is determined in
40 accordance with subsection 1, except that the benefit is reduced by 6% for each year
41 that the member's age precedes age 55.

R.015

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1 This paragraph applies to members who on June 30, 1993 were not employed in a
2 position that is covered under the State Employee and Teacher Retirement Program,
3 the Legislative Retirement Program or the Judicial Retirement Program.

4 **Sec. 18. 5 MRSA §17852, sub-§12, ¶B**, as enacted by PL 1995, c. 624, §12, is
5 amended to read:

6 B. For members who on June 30, 1993 were employed in a position that is covered
7 under the State Employee and Teacher Retirement Program, the Legislative
8 Retirement Program or the Judicial Retirement Program, but who do not have 10
9 years of creditable service on July 1, 1993, the retirement benefit is determined in
10 accordance with subsection 1, except that the benefit is reduced by 6% 3% for each
11 year that the person's age precedes 55 years of age.

12 **Sec. 19. 5 MRSA §17852, sub-§12, ¶C** is enacted to read:

13 C. For members who on June 30, 1993 were not employed in a position that is
14 covered under the State Employee and Teacher Retirement Program, the Legislative
15 Retirement Program or the Judicial Retirement Program, the retirement benefit is
16 determined in accordance with subsection 1 except that the benefit is reduced by 6%
17 for each year that the person's age precedes 55 years of age.

18 **Sec. 20. 5 MRSA §17852, sub-§14, ¶B**, as enacted by PL 1997, c. 401, §3, is
19 amended to read:

20 B. For members who on June 30, 1993 were employed in a position that is covered
21 under the State Employee and Teacher Retirement Program, the Legislative
22 Retirement Program or the Judicial Retirement Program, but who do not have 10
23 years of creditable service on July 1, 1993, the retirement benefit is determined in
24 accordance with subsection 1, except that the benefit is reduced by 6% 3% for each
25 year that the person's age precedes 55 years of age.

26 **Sec. 21. 5 MRSA §17852, sub-§14, ¶C** is enacted to read:

27 C. For members who on June 30, 1993 were not employed in a position that is
28 covered under the State Employee and Teacher Retirement Program, the Legislative
29 Retirement Program or the Judicial Retirement Program, the retirement benefit is
30 determined in accordance with subsection 1 except that the benefit is reduced by 6%
31 for each year that the person's age precedes 55 years of age.

32 **Sec. 22. 5 MRSA §17852, sub-§16, ¶B**, as enacted by PL 1997, c. 401, §3, is
33 amended to read:

34 B. For members who on June 30, 1993 were employed in a position that is covered
35 under the State Employee and Teacher Retirement Program, the Legislative
36 Retirement Program or the Judicial Retirement Program, but who do not have 10
37 years of creditable service on July 1, 1993, the retirement benefit is determined in
38 accordance with subsection 1, except that the benefit is reduced by 6% 3% for each
39 year that the person's age precedes 55 years of age.

40 **Sec. 23. 5 MRSA §17852, sub-§16, ¶C** is enacted to read:

12/1/07

SENATE AMENDMENT "B" to COMMITTEE AMENDMENT "A" to S.P. 600, L.D. 1693

1 C. For members who on June 30, 1993 were not employed in a position that is
2 covered under the State Employee and Teacher Retirement Program, the Legislative
3 Retirement Program or the Judicial Retirement Program, the retirement benefit is
4 determined in accordance with subsection 1 except that the benefit is reduced by 6%
5 for each year that the person's age precedes 55 years of age.' '

6 Amend the amendment by striking out all of section 15 (page 3, lines 25 to 35 in
7 amendment) and inserting the following:

8 'Sec. 15. Contingent effective date. Since the Constitution of Maine, Article IX,
9 Section 18-A requires the Maine Public Employees Retirement System to be funded
10 annually on an actuarially sound basis and prohibits the creation of unfunded liabilities
11 except those resulting from experience losses, sections 1 to 25 take effect only if the
12 Board of Trustees of the Maine Public Employees Retirement System, pursuant to section
13 26, takes an action to reduce the required unfunded liability payment for fiscal year 2007-
14 08. Within 10 days of the effective date of this Act, the Board of Trustees of the Maine
15 Public Employees Retirement System shall notify the Secretary of the Senate, the Clerk
16 of the House of Representatives and the Revisor of Statutes whether, pursuant to section
17 26, it took an action on or before the effective date of this Act to reduce the required
18 unfunded liability payment for fiscal year 2007-08.'

19 Amend the amendment by relettering or renumbering any nonconsecutive Part letter
20 or section number to read consecutively.

21 SUMMARY

22 The bill, as amended by Committee Amendment "A", reduces the penalty for early
23 retirement from 6% to 3% for members of the state employee and teacher retirement plan,
24 the legislative retirement plan and the judicial retirement plan. This amendment limits the
25 application of the reduction in penalty to only those employees who were already
26 employed in a position that is covered under the State Employee and Teacher Retirement
27 Program, the Legislative Retirement Program or the Judicial Retirement Program prior to
28 the time the law was changed to increase from 2.25% to 6% per year the penalty for early
29 retirement.

30 FISCAL NOTE REQUIRED

31 (See attached)

32 SPONSORED BY: Kevin L. Raye
33 (Senator RAYE)

34 COUNTY: Washington

SENATE AMENDMENT



123rd MAINE LEGISLATURE

LD 1693

LR 2016(07)

An Act To Restore Equity to the Maine State Retirement System

Fiscal Note for Senate Amendment "B" to Committee Amendment "A"

Sponsor: Sen. Raye of Washington

Fiscal Note Required: Yes

Fiscal Note

	2007-08	2008-09	Projections 2009-10	Projections 2010-11
Net Cost (Savings)				
General Fund	\$0	\$0	(\$1,913,783)	(\$2,004,687)
Highway Fund	\$0	\$0	(\$133,987)	(\$140,352)
Appropriations/Allocations				
General Fund	\$0	\$0	(\$1,913,783)	(\$2,004,687)
Highway Fund	\$0	\$0	(\$133,987)	(\$140,352)
Federal Expenditures Fund	\$0	\$0	(\$204,206)	(\$213,906)
Other Special Revenue Funds	\$0	\$0	(\$123,070)	(\$128,915)
Federal Block Grant Fund	\$0	\$0	(\$12,158)	(\$12,736)
Other Funds	\$0	\$0	(\$94,039)	(\$98,506)

Fiscal Detail and Notes

This amendment reduces the 2008-2009 biennial cost of the bill by \$26,100,000 with \$25,600,000 being the decreased cost to the unfunded actuarial liability and \$500,000 being the decreased cost associated with the normal cost component for fiscal year 2008-09.

This amendment reduces the total cost of the bill through June 30, 2028 by \$73,584,116. Of that amount, the decrease to the unfunded liability payments will be \$57,981,299 and the decrease to the normal cost component payments will be \$15,602,817.

As amended, reducing the early retirement reduction factor from 6% to 3% for only those members of the State Employee and Teacher Retirement Plan, the Legislative Retirement Plan and the Judicial Retirement Plan who were members as of July 1, 1993 and are currently subject to the 6% reduction factor will result in a 2008-2009 biennial cost of \$70,700,000, with \$68,300,000 being the increased cost to the unfunded actuarial liability and \$2,400,000 being the increased normal cost component for fiscal year 2008-09.

As amended, because this legislation proposes to fund the current biennium cost of this provision by utilizing a portion of the \$199,295,540 already appropriated and/or allocated in fiscal year 2007-08 to the Maine Public Employees Retirement System (MainePERS) for the employer's contribution to the unfunded liability, no additional General Fund appropriation is required in the 2008-2009 biennium. However, based on current projections, reducing the amount of funds to be applied to existing unfunded actuarial liability in fiscal year 2007-08 and providing the additional benefit will result in total additional payments through June 30, 2028 of \$231,953,979. Of that amount, the total increase to the unfunded liability payments will be \$157,060,456 and the increase to the normal cost component payments will be \$74,893,523.