

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)



124th MAINE LEGISLATURE

SECOND REGULAR SESSION-2010

Legislative Document

No. 1595

S.P. 602

In Senate, December 18, 2009

An Act To Provide Continued Protection of Benefits for Retirees of the Maine Public Employees Retirement System

Approved for introduction by a majority of the Legislative Council pursuant to Joint Rule 203.

Received by the Secretary of the Senate on December 18, 2009. Referred to the Committee on Labor pursuant to Joint Rule 308.2 and ordered printed.

A handwritten signature in black ink that reads "Joy J. O'Brien".

JOY J. O'BRIEN
Secretary of the Senate

Presented by President MITCHELL of Kennebec.
Cosponsored by Speaker PINGREE of North Haven and
Senators: DIAMOND of Cumberland, JACKSON of Aroostook, Representatives: BLODGETT
of Augusta, BUTTERFIELD of Bangor, CAIN of Orono, CROCKETT of Augusta, MARTIN
of Eagle Lake, MILLETT of Waterford.

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

2 **Sec. 1. 4 MRSA §1358, sub-§1, ¶A,** as amended by PL 2009, c. 433, §1, is
3 further amended to read:

4 A. Except as provided in paragraph A-1, the board shall automatically adjust
5 allowances, beginning in September 1985, and each September thereafter, by any
6 percentage ~~change~~ increase in the Consumer Price Index from July 1st to June 30th,
7 but only to a maximum annual increase ~~or decrease~~ of 4%. The board shall
8 determine the cost of these adjustments and shall include them in its budget requests,
9 if necessary.

10 **Sec. 2. 4 MRSA §1358, sub-§1, ¶A-1,** as enacted by PL 2009, c. 433, §2, is
11 amended to read:

12 A-1. If there is a percentage decrease in the Consumer Price Index from July 1st to
13 June 30th, the board ~~as provided in paragraph A~~ shall set the percentage change at
14 0% for that September. The adjustment for the following year must be set based on
15 the actuarially compounded Consumer Price Index for both years in a cost-neutral
16 manner. If the Consumer Price Index in the subsequent year or years is not sufficient
17 to allow for the adjustment to be cost-neutral for the 2 years, then the adjustment
18 needed for cost-neutrality must continue to be applied to following years until such
19 time as the cost-neutrality requirement is met.

20 **Sec. 3. 5 MRSA §17806, sub-§1, ¶A,** as amended by PL 2009, c. 433, §3, is
21 further amended to read:

22 A. Except as provided in paragraph A-1, whenever there is a percentage ~~change~~
23 increase in the Consumer Price Index from July 1st to June 30th, the board shall
24 automatically make an equal percentage increase ~~or decrease~~ in retirement benefits,
25 beginning in September, up to a maximum annual increase ~~or decrease~~ of 4%.

26 **Sec. 4. 5 MRSA §17806, sub-§1, ¶A-1,** as enacted by PL 2009, c. 433, §4, is
27 amended to read:

28 A-1. If there is a percentage decrease in the Consumer Price Index from July 1st to
29 June 30th, the board ~~as provided in paragraph A~~ shall set the percentage change at
30 0% for that September. The adjustment for the following year must be set based on
31 the actuarially compounded Consumer Price Index for both years in a cost-neutral
32 manner. If the Consumer Price Index in the subsequent year or years is not sufficient
33 to allow for the adjustment to be cost-neutral for the 2 years, then the adjustment
34 needed for cost-neutrality must continue to be applied to following years until such
35 time as the cost-neutrality requirement is met.

36 **Sec. 5. 5 MRSA §18407, sub-§4, ¶A,** as amended by PL 2009, c. 433, §5, is
37 further amended to read:

38 A. Except as provided in paragraph A-1, whenever there is a percentage ~~change~~
39 increase in the Consumer Price Index from July 1st to June 30th, the board shall

1 automatically make an equal percentage increase or decrease in retirement benefits,
2 beginning in September, up to a maximum annual increase or decrease of 4%.

3 **Sec. 6. 5 MRSA §18407, sub-§4, ¶A-1**, as enacted by PL 2009, c. 433, §6, is
4 amended to read:

5 A-1. If there is a percentage decrease in the Consumer Price Index from July 1st to
6 June 30th, the board ~~as provided in paragraph A~~ shall set the percentage change at
7 0% for that September. The adjustment for the following year must be set based on
8 the actuarially compounded Consumer Price Index for both years in a cost-neutral
9 manner. If the Consumer Price Index in the subsequent year or years is not sufficient
10 to allow for the adjustment to be cost-neutral for the 2 years, then the adjustment
11 needed for cost-neutrality must continue to be applied to following years until such
12 time as the cost-neutrality requirement is met.

13 **SUMMARY**

14 This bill protects retirees of the Maine Public Employees Retirement System from the
15 impact on retirement benefits of decreases in the Consumer Price Index. This bill
16 requires that if the Consumer Price Index decreases for one or more years, adjustments in
17 the subsequent year or years must result in cost-neutrality.