

MAINE STATE LEGISLATURE

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Date: 5/22/17 Majority

L.D. 99
(Filing No. H-249)

APPROPRIATIONS AND FINANCIAL AFFAIRS

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
128TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 67, L.D. 99, Bill, "An Act To Expand the 1998 Special Retirement Plan To Include Detectives in the Office of Investigations within the Department of the Secretary of State, Bureau of Motor Vehicles"

Amend the bill by inserting after the enacting clause and before section 1 the following:

'Sec. 1. 5 MRSA §17716, as amended by PL 2007, c. 491, §135, is further amended to read:

§17716. Motor vehicle detectives

A motor vehicle ~~investigator~~ detective, senior motor vehicle ~~investigator~~ detective, principal motor vehicle ~~investigator~~ detective or chief motor vehicle ~~investigator~~ detective who elects the retirement option provided in section 17851, subsection 14 shall contribute to the State Employee and Teacher Retirement Program or have pick-up contributions made by the employer as provided in section 17852, subsection 15.

Sec. 2. 5 MRSA §17851, sub-§14, as enacted by PL 1997, c. 402, §2, is amended to read:

14. Motor vehicle detectives; option. A Except as provided in section 17851-A, a motor vehicle ~~investigator~~ detective, senior motor vehicle ~~investigator~~ detective, principal motor vehicle ~~investigator~~ detective or chief motor vehicle ~~investigator~~ detective qualifies for a service retirement benefit upon reaching 55 years of age after completing at least 25 years of creditable service in that capacity if notice of election of the option and payment of employee contributions and actuarial costs are made as provided in section 17852, subsection 15.'

Amend the bill by striking out all of section 9 and inserting the following:

'Sec. 9. 5 MRSA §17851-A, sub-§6-B is enacted to read:

6-B. Consequences of participation in retirement plan under section 17851, subsection 14. A member in the capacity specified in subsection 1, paragraph N who,

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1 prior to July 1, 2018, elected the retirement option provided in section 17851, subsection
2 14 is treated as follows under the 1998 Special Plan.

3 A. A member who made the election at the time of first employment in a position
4 covered under section 17851, subsection 14 is considered to be a member under the
5 1998 Special Plan as of the date of hire. Beginning July 1, 2018, a member covered
6 by this paragraph shall contribute to the State Employee and Teacher Retirement
7 Program or have pick-up contributions made at a rate of 8.65% of earnable
8 compensation until completion of 25 years of creditable service and shall contribute
9 at a rate of 7.65% thereafter.

10 B. A member who was serving in a position covered under section 17851, subsection
11 14 at the time of the election and who elected to participate in the retirement option
12 prospectively from the time of election is considered to be a member under the 1998
13 Special Plan as of the effective date of the election. Beginning July 1, 2018, a
14 member covered by this paragraph shall contribute to the State Employee and
15 Teacher Retirement Program or have pick-up contributions made at a rate of 8.65%
16 of earnable compensation until completion of 25 years of creditable service and shall
17 contribute at a rate of 7.65% thereafter.

18 C. A member who was serving in a position covered under section 17851, subsection
19 14 at the time of the election and who elected to participate in the retirement option
20 prospectively from the time of election and also elected to purchase credit for service
21 earned while serving in the same capacity before exercising the election is considered
22 to be a member under the 1998 Special Plan as of the beginning date of the service
23 for which credit is purchased, as long as all of the payments required under section
24 17852, subsection 15 are made before retirement. If all the required payments are not
25 made before retirement, that member is considered to be a member under the 1998
26 Special Plan as of the effective date of the election. Beginning July 1, 2018, for
27 employees identified in subsection 1, paragraph N, a member covered by this
28 paragraph shall contribute to the State Employee and Teacher Retirement Program or
29 have pick-up contributions made at a rate of 8.65% of earnable compensation until
30 completion of 25 years of creditable service and shall contribute at a rate of 7.65%
31 thereafter.

32 Employee contributions and actuarial and administrative costs paid to the State Employee
33 and Teacher Retirement Program by a member covered by this subsection may not be
34 returned to that member, except that these employee contributions may be refunded to a
35 member who terminates service and requests a refund under section 17705-A.

36 **Sec. 10. 5 MRSA §17852, sub-§15**, as amended by PL 2007, c. 491, §§171 and
37 172, is further amended to read:

38 **15. Motor vehicle detectives; option.** The Except as provided in section 17851-A,
39 the retirement benefit of a person who qualifies under section 17851, subsection 14 and
40 who retires upon or after reaching 55 years of age is computed in accordance with
41 subsection 1 if:

42 A. The person was first employed as a motor vehicle ~~investigator~~ detective on or
43 after October 1, 1997, elects the option provided in section 17851, subsection 14 and
44 pays to the State Employee and Teacher Retirement Program an increased employee

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1 payroll contribution in an amount that equals the full actuarial cost of electing that
2 option; or

3 B. The person was first employed as a motor vehicle ~~investigator~~ detective before
4 October 1, 1997, elects the option provided in section 17851, subsection 14 and pays
5 to the State Employee and Teacher Retirement Program a single payment or periodic
6 payments of a lump sum or a combination of single and periodic payments of that
7 amount that equals the full actuarial cost of electing that option for service before that
8 date.

9 A person who requests calculation of the full actuarial cost, regardless of whether the
10 person elects the option, must pay to the retirement system by a single lump sum payment
11 the reasonable administrative costs of determining the full actuarial costs. Payment of the
12 full actuarial cost related to service on or after October 1, 1997 is made as part of the
13 employee payroll contribution.

14 For the purposes of this subsection, "full actuarial cost" means that the person's payment
15 or payments must fully offset any unfunded liability that would or does result from
16 retirement under the option provided in section 17851, subsection 14 and must fully fund
17 the cost of the person's retirement prior to normal retirement age so that an additional
18 employer contribution is not required.

19 A person who makes the election provided in section 17851, subsection 14 at any time
20 after the date on which the person is first employed as a motor vehicle ~~investigator~~
21 detective must include interest, at a rate to be set by the board not to exceed regular
22 interest by 5 or more percentage points, applied as of the date on which the person was
23 first employed in that capacity to the contributions the person would have paid or had
24 picked up by the employer had the person elected that option at the date of first
25 employment.

26 This subsection takes effect October 1, 1997. Election to retire under this subsection is a
27 one-time irrevocable election. A person who was first employed as a motor vehicle
28 ~~investigator~~ detective on or after October 1, 1997 must make the election no later than 90
29 days after the date of first employment. A person who was first employed in that
30 capacity before October 1, 1997 must make the election no later than January 1, 1998.

31 **Sec. 11. 5 MRSA §17852, sub-§16**, as enacted by PL 1997, c. 401, §3, is
32 amended to read:

33 **16. Motor vehicle detectives exercising option; retirement before 55 years of**
34 **age.** ~~For~~ Except as provided in section 17851-A, for a person exercising the option
35 provided in section 17851, subsection 14 who makes the payments required in subsection
36 15 and who retires before reaching 55 years of age, the retirement benefit is determined
37 as follows.

38 A. For members with 10 years of creditable service on July 1, 1993, the retirement
39 benefit is determined in accordance with subsection 1, except that:

- 40 (1) The amount arrived at under subsection 1 is reduced by applying to that
41 amount the percentage that a life annuity due at 55 years of age bears to the life
42 annuity due at the age of retirement; and

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1 (2) For the purpose of making the computation under subparagraph (1), the
2 board-approved tables of annuities in effect at the date of the member's retirement
3 are used.

4 For the purpose of calculating creditable service under this subsection only,
5 "creditable service" includes time during which a member participated in the
6 voluntary cost-savings plan or the voluntary employee incentive program, authorized
7 by Public Law 1989, chapter 702, Part F, section 6 and Public Law 1991, chapter
8 591, Part BB and chapter 780, Part VV; 10 years of combined creditable service
9 under this Part and Title 3, chapter 29; or creditable service available to a member
10 that the member was eligible to purchase on June 30, 1993 and that the member does
11 purchase in accordance with rules adopted by the board.

12 B. For members who do not have 10 years of creditable service on July 1, 1993, the
13 retirement benefit is determined in accordance with subsection 1, except that the
14 benefit is reduced by 6% for each year that the person's age precedes 55 years of age.

15 **Sec. 12. Transition.** If a motor vehicle detective in the employment of the office
16 of investigations within the Department of the Secretary of State, Bureau of Motor
17 Vehicles on July 1, 2018 elects to participate in the 1998 Special Plan of the Maine
18 Public Employees Retirement System, as provided in the Maine Revised Statutes, Title 5,
19 section 17851-A, subsection 1, that detective must make that election no later than
20 December 1, 2018.

21 **Sec. 13. Appropriations and allocations.** The following appropriations and
22 allocations are made.

23 **SECRETARY OF STATE, DEPARTMENT OF**
24 **Administration - Motor Vehicles 0077**

25 Initiative: Moves funds from All Other to Personal Services to fund the additional cost for
26 detectives employed in the office of investigations within the Department of the Secretary
27 of State, Bureau of Motor Vehicles, on July 1, 2018 to participate in the 1998 Special
28 Plan on a prospective basis.

29	HIGHWAY FUND	2017-18	2018-19
30	Personal Services	\$0	\$8,314
31	All Other	\$0	(\$8,314)
32			
33	HIGHWAY FUND TOTAL	<u>\$0</u>	<u>\$0</u>
34			

35 **SUMMARY**

36 This amendment is the majority report of the committee. The amendment clarifies
37 that a motor vehicle detective in the employment of the office of investigations within the
38 Department of the Secretary of State, Bureau of Motor Vehicles on July 1, 2018 must
39 make the election to participate in the 1998 Special Plan no later than December 1, 2018.
40 The amendment also makes technical changes and corrects cross-references in the current

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retirement provisions applicable to detectives in the employment of the office of investigations within the Department of the Secretary of State, Bureau of Motor Vehicles.

The amendment also adds an appropriations and allocations section to the bill.

FISCAL NOTE REQUIRED

(See attached)

COMMITTEE AMENDMENT



128th MAINE LEGISLATURE

LD 99

LR 443(02)

An Act To Expand the 1998 Special Retirement Plan To Include Detectives in the Office of Investigations within the Department of the Secretary of State, Bureau of Motor Vehicles

Fiscal Note for Bill as Amended by Committee Amendment

Committee: Appropriations and Financial Affairs

Fiscal Note Required: Yes

A'CH-249

Fiscal Note

	FY 2017-18	FY 2018-19	Projections FY 2019-20	Projections FY 2020-21
Net Cost (Savings)				
Highway Fund	\$0	\$0	\$0	\$0
Appropriations/Allocations				
Highway Fund	\$0	\$0	\$0	\$0

Fiscal Detail and Notes

Allowing detectives employed in the office of investigations within the Department of the Secretary of State, Bureau of Motor Vehicles, on or after July 1, 2018 to participate in the 1998 Special Plan of the Maine Public Employees Retirement System will increase both the normal cost and unfunded actuarial liability components of the employer retirement rate, resulting in increased employer contributions to the Maine Public Employees Retirement System for detectives beginning in fiscal year 2018-19.

This legislation includes a transition provision for those detectives hired by the Bureau of Motor Vehicles prior to July 1, 2018 which allows these employees to elect to participate in the 1998 Special Plan by December 1, 2018. Based on an analysis performed by the Maine Public Employees Retirement System, this fiscal note assumes that 7 of the 11 eligible detectives will elect to participate in the 1998 Special Plan as soon as the option becomes available and the remaining detectives will opt to stay in the State Regular Plan.

The Department of the Secretary of State has indicated that it will pay for the cost of this provision within its proposed budgeted resources for fiscal year 2018-19. This bill includes a Highway Fund allocation of \$8,314 to the Personal Services line category and a deallocation of \$8,314 to the All Other line category within the Department of the Secretary of State, Bureau of Motor Vehicles in fiscal year 2018-19 in order for the department to self-fund the cost of this legislation.

C'ACH-249)

If any of the detectives hired by the Bureau of Motor Vehicles prior to July 1, 2018 who choose to remain in the State Regular Plan eventually retire or otherwise vacate their positions, any newly hired detectives will be placed in the 1998 Special Plan. The additional cost to the Bureau of Motor Vehicles to fill these positions at the higher employer contribution rate is estimated to be between \$2,000 and \$3,000 per position annually. When this additional cost will be incurred and which fund will be impacted cannot be determined at this time.