

MAINE STATE LEGISLATURE

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Date: 4/13/18

Majority

(Filing No. H-764)

APPROPRIATIONS AND FINANCIAL AFFAIRS

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STATE OF MAINE
HOUSE OF REPRESENTATIVES
128TH LEGISLATURE
SECOND REGULAR SESSION

COMMITTEE AMENDMENT "A" to H.P. 133, L.D. 177, Bill, "An Act To Remove the Age Penalty for State Retirees Working at State Correctional Institutions That Are Closing"

Amend the bill by striking out everything after the enacting clause and before the summary and inserting the following:

'Sec. 1. 5 MRSA §17852-A is enacted to read:

§17852-A. Computation of benefit for certain correctional facility employees

1. Definitions. As used in this section, unless the context otherwise indicates, the following terms have the following meanings.

A. "Client" has the same meaning as in Title 34-A, section 1001, subsection 1-A.

B. "Closure" means the removal of all clients from a correctional facility pursuant to legislation enacted into law approving the removal of all clients.

C. "Correctional facility" has the same meaning as in Title 34-A, section 1001, subsection 6.

2. Correctional facility employees. Notwithstanding section 17852 and any other provision of law, the service retirement benefit for a member for whom funding has been received under subsection 6 is computed as provided in subsection 3 if the member:

A. Has creditable service of 25 years or more;

B. Has not reached what would be the member's normal retirement age absent this section;

C. Was employed in a correctional facility at the time legislation approving the closure of that correctional facility was enacted and that correctional facility is located more than 100 miles from the nearest correctional facility; and

D. Retires as a direct result of the closure of the correctional facility described in paragraph C.

COMMITTEE AMENDMENT

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3. Benefit. The amount of the service retirement benefit for a member qualified under subsection 2 is 1/50 of the member's average final compensation multiplied by the number of years of creditable service.

4. Certification and calculation of required funding. Within 5 days of a closure of a correctional facility, the Commissioner of Corrections shall provide certification of the closure and the date of enactment and the chapter of the law approving the closure to the retirement system. The retirement system shall determine the required funding for service retirement benefits under subsection 3 for all members who meet the conditions of subsection 2 and shall provide the determined amount to the Commissioner of Administrative and Financial Services, the Commissioner of Corrections and the joint standing committee of the Legislature having jurisdiction over retirement matters.

5. Increase in employer contribution. Upon receipt of the determined required funding from the retirement system pursuant to subsection 4, the Department of Administrative and Financial Services shall assess a one-time increase in the Department of Corrections' employer contribution rate provided for in section 17253 to fully fund the determined amount.

6. Receipt of funding. The service retirement benefit for a member who meets the conditions of subsection 2 is paid under subsection 3 only if the retirement system has received the funding from the additional assessment provided for in subsection 5 or received an appropriation from the Legislature for the required funding under subsection 4.

SUMMARY

This amendment, which is the majority report of the committee, differs from the bill in the following ways.

- 1. It defines "closure" as the removal of all clients from a correctional facility pursuant to legislative action.
- 2. It removes the provision that the Commissioner of Administrative and Financial Services provide notification to the Maine Public Employees Retirement System of closure and replaces it with a provision that requires the Department of Corrections to notify the retirement system of the date of closure and the date of enactment and the chapter of the law that provides for the closure.
- 3. It provides funding for the unfunded actuarial liability of the additional retirement benefits for qualified individuals through a one-time increase in the Department of Corrections' employer contribution rate for payment of the unfunded actuarial liability.

FISCAL NOTE REQUIRED
(See attached)



Approved: 04/12/18 *MAC*

128th MAINE LEGISLATURE

LD 177

LR 2017(02)

An Act To Remove the Age Penalty for State Retirees Working at State Correctional Institutions That Are Closing

Fiscal Note for Bill as Amended by Committee Amendment *A (H-764)*

Committee: Appropriations and Financial Affairs

Fiscal Note Required: Yes

Fiscal Note

Potential current biennium cost increase - General Fund

Potential current biennium cost increase - Federal Expenditures Fund

Potential current biennium cost increase - Other Special Revenue Funds

Fiscal Detail and Notes

This bill requires the Department of Corrections to provide a one-time payment to the Maine Public Employees Retirement System (MainePERS) for the unfunded actuarial cost of allowing eligible employees at certain state correctional facilities that close as a result of legislative action who have not reached their normal retirement age to retire and receive their full retirement benefit. Funding for the one-time payment will be collected through a one-time increase in the percentage assessment of the department's employer share contribution rate for the unfunded actuarial liability. The cost to the Department of Corrections cannot be determined at this time and will depend on the actual closure of these state correctional facilities through legislative action, the timing of the closure and the number of employees that would be eligible for the benefit provision as a result of the closure.

Additional costs to the Department of Administrative and Financial Services and MainePERS associated with implementing the requirements of this legislation can be absorbed within existing budgeted resources.