

MAINE STATE LEGISLATURE

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Majority

(Filing No. H-568)

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LABOR AND HOUSING

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
129TH LEGISLATURE
FIRST REGULAR SESSION**

COMMITTEE AMENDMENT "A" to H.P. 1082, L.D. 1480, Bill, "An Act To Modify Retirement Plans for Fire Investigators and Sergeants"

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

Sec. 1. 5 MRSA §17851-A, sub-§1, ¶K, as amended by PL 2001, c. 409, §1, is further amended to read:

~~K. The State Fire Marshal or a state fire marshal investigator or state fire marshal inspector in the employment of the Department of Public Safety on January 1, 2000 or hired thereafter or, until June 30, 2020, a state fire marshal investigator in the employment of the Department of Public Safety on January 1, 2000 or hired thereafter;~~ and

Sec. 2. 5 MRSA §17851-B is enacted to read:

§17851-B. Special plan for fire marshal investigators and fire marshal sergeants

1. Establishment and applicability. Effective July 1, 2020, there is established a special retirement plan for fire marshal investigators and fire marshal sergeants, referred to in this section as "the special plan." The special plan applies to a state fire marshal investigator, state fire marshal senior investigator and state fire marshal sergeant.

2. Qualification for benefits. A member employed in any of the positions specified in subsection 1 qualifies for a service retirement benefit after completing 20 years of creditable service in that capacity, whether or not the creditable service included in determining that the 20-year requirement has been met was earned under the special plan established in this section or prior to its establishment.

3. Purchase of service credit to be used for qualification for benefits. This subsection governs the use of purchased service credit in order to qualify for benefits under this section. For the purpose of meeting the qualification requirement of subsection 2:

COMMITTEE AMENDMENT

1 A. Service credit purchased by repayment of an earlier refund of accumulated
 2 contributions following termination of service is included if the time to which the
 3 refund relates was served in any one or a combination of the positions specified in
 4 subsection 1, regardless of whether the time was served before or after the
 5 establishment of the special plan; and

6 B. Service credit purchased other than as provided under paragraph A is not
 7 included.

8 4. Computation of benefits. The amount of the service retirement benefit for
 9 members qualified under subsection 2 is 1/2 of the person's average final compensation
 10 and an additional 2% of the person's average final compensation for each year of
 11 membership service not included in determining qualification under subsection 2.

12 5. Contributions. Notwithstanding any other provision of subchapter 3, after June
 13 30, 2020, a member in a position specified in subsection 1 shall contribute to the State
 14 Employee and Teacher Retirement Program or have pick-up contributions made at the
 15 rate of 8.65% of earnable compensation until the member has completed 20 years of
 16 creditable service as provided in this section and at the rate of 7.65% thereafter.

17 **Sec. 3. Appropriations and allocations.** The following appropriations and
 18 allocations are made.

19 **PUBLIC SAFETY, DEPARTMENT OF**

20 **Fire Marshal - Office of 0327**

21 Initiative: Provides funding for the increase in employer retirement contributions as a
 22 result of establishing a new special retirement plan for state fire marshal investigators,
 23 state fire marshal senior investigators and state fire marshal sergeants within the Office of
 24 the Fire Marshal.

25	GENERAL FUND	2019-20	2020-21
26	Personal Services	\$6,520	\$6,652
27			
28	GENERAL FUND TOTAL	<u>\$6,520</u>	<u>\$6,652</u>

29 **Fire Marshal - Office of 0327**

30 Initiative: Allocates funds for the increase in employer retirement contributions due to
 31 certain employees of the Office of the Fire Marshal moving from the 1998 Special Plan to
 32 a newly created "20 year and out" plan.

33	OTHER SPECIAL REVENUE FUNDS	2019-20	2020-21
34	Personal Services	\$50,858	\$51,453
35			
36	OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$50,858</u>	<u>\$51,453</u>

1	PUBLIC SAFETY, DEPARTMENT OF		
2	DEPARTMENT TOTALS	2019-20	2020-21
3			
4	GENERAL FUND	\$6,520	\$6,652
5	OTHER SPECIAL REVENUE FUNDS	\$50,858	\$51,453
6			
7	DEPARTMENT TOTAL - ALL FUNDS	\$57,378	\$58,105

8 **RETIREMENT SYSTEM, MAINE PUBLIC EMPLOYEES**

9 **Retirement System - Retirement Allowance Fund 0085**

10 Initiative: Provides one-time funding for the unfunded actuarial liability created as a
 11 result of establishing a new special retirement plan for state fire marshal investigators,
 12 state fire marshal senior investigators and state fire marshal sergeants within the Office of
 13 the Fire Marshal.

14	GENERAL FUND	2019-20	2020-21
15	All Other	\$125,001	\$0
16			
17	GENERAL FUND TOTAL	\$125,001	\$0

18 **Retirement System - Retirement Allowance Fund 0085**

19 Initiative: Allocates one-time funding for the unfunded actuarial liability created as a
 20 result of establishing a new special retirement plan for state fire marshal investigators,
 21 state fire marshal senior investigators and state fire marshal sergeants within the Office of
 22 the Fire Marshal.

23	OTHER SPECIAL REVENUE FUNDS	2019-20	2020-21
24	All Other	\$974,999	\$0
25			
26	OTHER SPECIAL REVENUE FUNDS TOTAL	\$974,999	\$0

27 **RETIREMENT SYSTEM, MAINE PUBLIC**
 28 **EMPLOYEES**

29	DEPARTMENT TOTALS	2019-20	2020-21
30			
31	GENERAL FUND	\$125,001	\$0
32	OTHER SPECIAL REVENUE FUNDS	\$974,999	\$0
33			
34	DEPARTMENT TOTAL - ALL FUNDS	\$1,100,000	\$0

		2019-20	2020-21
1	SECTION TOTALS		
2			
3	GENERAL FUND	\$131,521	\$6,652
4	OTHER SPECIAL REVENUE FUNDS	\$1,025,857	\$51,453
5			
6	SECTION TOTAL - ALL FUNDS	<u>\$1,157,378</u>	<u>\$58,105</u>
7			

8 Amend the bill by relettering or renumbering any nonconsecutive Part letter or
9 section number to read consecutively.

10 **SUMMARY**

11 This amendment is the majority report of the committee and replaces the bill. The
12 amendment changes the eligibility requirements for the retirement of a state fire marshal
13 investigator, state fire marshal senior investigator and state fire marshal sergeant under
14 the Maine Public Employees Retirement System from 55 years of age and 25 years of
15 creditable service to 20 years of creditable service. The amendment establishes a special
16 retirement plan for a state fire marshal investigator, state fire marshal senior investigator
17 and state fire marshal sergeant based on 20 years of creditable service.

18 The amendment also adds an appropriations and allocations section to provide the
19 funding.

20 **FISCAL NOTE REQUIRED**

21 (See attached)



129th MAINE LEGISLATURE

LD 1480

LR 1148(02)

An Act To Modify Retirement Plans for Fire Investigators and Sergeants

Fiscal Note for Bill as Amended by Committee Amendment *A(H-568)*

Committee: Labor and Housing

Fiscal Note Required: Yes

Fiscal Note

	FY 2019-20	FY 2020-21	Projections FY 2021-22	Projections FY 2022-23
Net Cost (Savings)				
General Fund	\$131,521	\$6,652	\$6,885	\$7,126
Appropriations/Allocations				
General Fund	\$131,521	\$6,652	\$6,885	\$7,126
Other Special Revenue Funds	\$1,025,857	\$51,453	\$53,254	\$55,118

Fiscal Detail and Notes

This legislation moves state fire marshal investigators, senior state fire marshal investigators and state fire marshal sergeant positions from the 1998 Special Plan to a 20-year, no-age plan. Since there is no open 20-year, no-age retirement plan at the current time, a new plan will need to be created.

Creating a new 20-year, no-age retirement plan for certain positions within the State Fire Marshal's Office will increase the unfunded liability of the Maine Public Employees Retirement System (MainePERS) by approximately \$1.1 million. Pursuant to the Constitution of Maine, Article IX, Section 18-A, unfunded liabilities may not be created except those that result from experience losses. An analysis of the positions that would be eligible for the new plan indicates that approximately 11.4% are funded with General Fund monies and 88.6% are funded with Other Special Revenue Funds. Based on these percentages, this bill includes a one-time General Fund appropriation of \$125,001 and a one-time Other Special Revenue Funds allocation of \$974,999 in fiscal year 2019-20 to the Retirement Allowance Fund within MainePERS for the unfunded liability. The State Fire Marshal's Office program, Other Special Revenue account receives its revenue from the Fire Investigation and Prevention Tax and currently has \$1,830,355 in unencumbered balance forward which could be used to pay for the unfunded liability. The Department of Public Safety has expressed concern regarding the use of this money as it is used to support the operations of the Office of the Fire Marshall in times when the revenue from the tax slows.

This proposal will also increase the normal cost component of the employer retirement rate, resulting in increased employer contributions to the Maine Public Employees Retirement System for these employees from 5.9% to 10.83% for each year of the 2020-2021 biennium. This bill also includes General Fund appropriations of \$6,520 and \$6,652 and Other Special Revenue Funds allocations of \$50,858 and \$51,453 in fiscal years 2019-20 and 2020-21, respectively, to the Office of the Fire Marshall for the additional cost. MainePERS is unable to determine the employer contribution rate for the unfunded actuarial liability at this time.