

MAINE STATE LEGISLATURE

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SMO
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L.D. 1537

Date: 6/3/19

Majority

(Filing No. H- 446)

LABOR AND HOUSING

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

COMMITTEE AMENDMENT "A" to H.P. 1120, L.D. 1537, Bill, "An Act To Increase the Portion of Retirement Benefits to Which the Cost-of-living Adjustment Applies"

Amend the bill by adding after section 1 the following:

Sec. 2. Appropriations and allocations. The following appropriations and allocations are made.

RETIREMENT SYSTEM, MAINE PUBLIC EMPLOYEES

Retirement System - Retirement Allowance Fund 0085

Initiative: Provides funds for the cost of the unfunded actuarial liability created by increasing the portion of retirement benefits on which the cost-of-living adjustment is based from \$20,000 to \$30,000.

GENERAL FUND	2019-20	2020-21
All Other	\$249,282,236	\$0
GENERAL FUND TOTAL	<u>\$249,282,236</u>	<u>\$0</u>

HIGHWAY FUND	2019-20	2020-21
All Other	\$23,388,879	\$0
HIGHWAY FUND TOTAL	<u>\$23,388,879</u>	<u>\$0</u>

COMMITTEE AMENDMENT

3.00PM

COMMITTEE AMENDMENT "A" to H.P. 1120, L.D. 1537

1	FEDERAL EXPENDITURES FUND	2019-20	2020-21
2	All Other	\$20,498,456	\$0
3			
4	FEDERAL EXPENDITURES FUND TOTAL	<u>\$20,498,456</u>	<u>\$0</u>

5	OTHER SPECIAL REVENUE FUNDS	2019-20	2020-21
6	All Other	\$32,998,895	\$0
7			
8	OTHER SPECIAL REVENUE FUNDS TOTAL	<u>\$32,998,895</u>	<u>\$0</u>

9	FEDERAL BLOCK GRANT FUND	2019-20	2020-21
10	All Other	\$1,006,940	\$0
11			
12	FEDERAL BLOCK GRANT FUND TOTAL	<u>\$1,006,940</u>	<u>\$0</u>
13			

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

16 **SUMMARY**

17 This amendment is the majority report of the committee and adds an appropriations
18 and allocations section to the bill.

19 **FISCAL NOTE REQUIRED**

20 (See attached)

COMMITTEE AMENDMENT



129th MAINE LEGISLATURE

LD 1537

LR 1295(02)

An Act To Increase the Portion of Retirement Benefits to Which the Cost-of-living Adjustment Applies

Fiscal Note for Bill as Amended by Committee Amendment *A (H-446)*

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	\$249,282,236	\$0	\$1,457,899	\$1,457,899
Highway Fund	\$23,388,879	\$0	\$348,829	\$348,829
Appropriations/Allocations				
General Fund	\$249,282,236	\$0	\$1,457,899	\$1,457,899
Highway Fund	\$23,388,879	\$0	\$348,829	\$348,829
Federal Expenditures Fund	\$20,498,456	\$0	\$313,167	\$313,167
Other Special Revenue Funds	\$32,998,895	\$0	\$520,451	\$520,451
Federal Block Grant Fund	\$1,006,940	\$0	\$24,333	\$24,333

Fiscal Detail and Notes

Increasing the portion of retirement benefits on which the cost-of-living adjustment is applied to will increase the unfunded actuarial liability (UAL) of the Maine Public Employees Retirement System (MainePERS) by approximately \$350 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. This bill includes a one-time General Fund appropriation of \$249.3 million in fiscal year 2019-20 to the Retirement Allowance Fund program within MainePERS for its estimated share of the increase in the UAL. This bill also includes a Highway Fund allocation of \$23.4 million for its share of the cost. Federal Expenditures Fund, Other Special Revenue Funds and Federal Block Grant Fund allocations totaling \$54.5 million are also included in the bill. Various other funds totaling \$22.8 million but not shown above will require allocation by financial order.

This provision will also increase the normal cost component of the employer retirement rate by approximately \$3.0 million annually beginning in fiscal year 2021-22. The annual impact to the General Fund and Highway Fund is estimated to be \$1.46 million and \$349,000, respectively. The increase in costs to the Federal Expenditures Fund, Other Special Revenue Funds and the Federal Block Grant Fund total \$858,000. Various other funds totaling \$335,000 but not shown above will require allocation by financial order.