

MAINE STATE LEGISLATURE

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Date: 7/2/24

(Filing No. S-644)

REPORT B

TAXATION

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STATE OF MAINE

SENATE

131ST LEGISLATURE

SECOND REGULAR SESSION

COMMITTEE AMENDMENT "B" to S.P. 211, L.D. 457, "An Act to Amend Maine's Tax Laws"

Amend the bill by striking out the title and substituting the following:

'An Act to Increase the Cost-of-living Adjustment for Certain Government Retirement Benefits for Fiscal Year 2024-25'

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

'Sec. 1. 5 MRSA §17806, sub-§1, ¶A, as amended by PL 2021, c. 635, Pt. NN, §1, is further amended to read:

A. Except as provided in paragraphs A-1, A-2 and A-3 and A-4, whenever there is a percentage increase in the Consumer Price Index from July 1st to June 30th, the board shall automatically make an equal percentage increase in retirement benefits, beginning in September, up to a maximum annual increase of 3%. Effective July 1, 2011, the increase applies to that portion of the retirement benefit up to \$20,000, which amount must be indexed in subsequent years by the same percentage adjustments granted under this section. Effective July 1, 2022, the increase applies to that portion of the retirement benefit up to \$24,186.25, which amount must be indexed in subsequent years by the same percentage adjustments granted under this section.

Sec. 2. 5 MRSA §17806, sub-§1, ¶A-4 is enacted to read:

A-4. For cost-of-living adjustments awarded under paragraph A in fiscal year 2024-25 only, the increase applies to that portion of the retirement benefit up to \$40,000.

Sec. 3. Appropriations and allocations. The following appropriations and allocations are made.

RETIREMENT SYSTEM, MAINE PUBLIC EMPLOYEES

Retirement System - Retirement Allowance Fund 0085

COMMITTEE AMENDMENT

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COMMITTEE AMENDMENT "B" to S.P. 211, L.D. 457 (S-644)

1 Initiative: Provides one-time funds to pay the unfunded actuarial liability created by
2 providing that, for fiscal year 2024-25 only, the cost-of-living adjustment awarded to
3 retired state employees and teachers and their beneficiaries applies to the first \$40,000 of
4 the retirement benefit.

5	GENERAL FUND	2023-24	2024-25
6	All Other	\$0	\$39,836,000
7			
8	GENERAL FUND TOTAL	<u>\$0</u>	<u>\$39,836,000</u>

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

12 **SUMMARY**

13 This amendment, which is the minority report of the committee, replaces the bill, which
14 is a concept draft, changes the title and provides that, for the cost-of-living adjustment
15 awarded to retired state employees and teachers and their beneficiaries in fiscal year 2024-
16 25 only, which is paid in September 2024, the adjustment applies to the first \$40,000 of the
17 retirement benefit. Effective July 1, 2025, the increase applies to the portion that otherwise
18 would have been in effect absent this one-time change.

19 **FISCAL NOTE REQUIRED**

20 (See attached)

COMMITTEE AMENDMENT



131st MAINE LEGISLATURE

LD 457

LR 2184(03)

An Act to Amend Maine's Tax Laws

Fiscal Note for Bill as Amended by Committee Amendment "*B(S-644)*
 Committee: Taxation
 Fiscal Note Required: Yes

Fiscal Note

	FY 2023-24	FY 2024-25	Projections FY 2025-26	Projections FY 2026-27
Net Cost (Savings)				
General Fund	\$0	\$39,836,000	\$0	\$0
Appropriations/Allocations				
General Fund	\$0	\$39,836,000	\$0	\$0

Fiscal Detail and Notes

This legislation provides that, for fiscal year 2024-25 only, the cost-of-living adjustment (COLA) awarded to retired state employees and teachers and their beneficiaries applies to the first \$40,000 of the retirement benefit. According to the Maine Public Employees Retirement System, this provision will create an unfunded actuarial liability (UAL) totaling \$39,836,000 that, pursuant to the Maine Constitution, will have to be funded immediately. This bill includes a one-time General Fund appropriation in that amount to the Retirement Allowance Fund within the Maine Public Employees Retirement System in fiscal year 2024-25 to pay for the cost of the COLA provision.