

MAINE STATE LEGISLATURE

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Date 6/5/23

L D 1096
(Filing No H-313)

LABOR AND HOUSING

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**STATE OF MAINE
HOUSE OF REPRESENTATIVES
131ST LEGISLATURE
FIRST SPECIAL SESSION**

COMMITTEE AMENDMENT "A" to H P 691, L D 1096, "An Act to Help Retired Teachers and State Employees Keep Pace with Inflation by Matching the Cost-of-living Adjustment for Social Security Benefits"

Amend the bill by striking out the title and substituting the following
'An Act to Provide a Cost-of-living Increase to State Retirees'

Amend the bill by inserting after the title and before the enacting clause the following
'Emergency preamble. Whereas, acts and resolves of the Legislature do not become effective until 90 days after adjournment unless enacted as emergencies, and

Whereas, this legislation needs to take effect before the expiration of the 90-day period in order to provide an increase in the pensions of state retirees before the expiration of the current fiscal year, and

Whereas, in the judgment of the Legislature, these facts create an emergency within the meaning of the Constitution of Maine and require the following legislation as immediately necessary for the preservation of the public peace, health and safety, now, therefore,'

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

COMMITTEE AMENDMENT

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1 benefit up to \$24,186 25, which amount must be indexed in subsequent years by the
2 same percentage adjustments granted under this section

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

4 A-4 For cost-of-living adjustments awarded in fiscal year 2022-23 only, the board
5 shall automatically make a percentage increase in retirement benefits of 5% The
6 increase applies to that portion of the retirement benefit that would otherwise be subject
7 to an increase under paragraph A.

8 **Sec. 3. Appropriations and allocations.** The following appropriations and
9 allocations are made

10 **RETIREMENT SYSTEM, MAINE PUBLIC EMPLOYEES**

11 **Retirement System - Retirement Allowance Fund 0085**

12 Initiative Provides one-time funds for an increase in the unfunded actuarial liability as a
13 result of providing an additional 2% cumulative cost-of-living adjustment for state retirees
14 effective September 2022

15 GENERAL FUND	2023-24	2024-25
16 All Other	\$182,000,000	\$0
17		
18 GENERAL FUND TOTAL	<u>\$182,000,000</u>	<u>\$0</u>

19
20 Amend the bill by adding before the summary the following

21 **'Emergency clause.** In view of the emergency cited in the preamble, this legislation
22 takes effect when approved '

23 Amend the bill by relettering or renumbering any nonconsecutive Part letter or section
24 number to read consecutively

25 **SUMMARY**

26 This amendment replaces the bill The amendment provides a one-time, cumulative
27 retirement benefit cost-of-living adjustment of 2% for a total cost-of-living adjustment of
28 5% for state retirees for fiscal year 2022-23

29 **FISCAL NOTE REQUIRED**
30 (See attached)



131st MAINE LEGISLATURE

LD 1096

LR 208(02)

An Act to Help Retired Teachers and State Employees Keep Pace with Inflation by Matching the Cost-of-living Adjustment for Social Security Benefits

Fiscal Note for Bill as Amended by Committee Amendment *A (H-313)*

Committee: Labor and Housing

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	\$182,000,000	\$0	\$0	\$0
Appropriations/Allocations				
General Fund	\$182,000,000	\$0	\$0	\$0

Fiscal Detail and Notes

This legislation will increase the cost-of-living adjustment (COLA) awarded to eligible retirees in State-sponsored plans in fiscal year 2022-23 only from 3% to 5%. 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 \$182,000,000 to the Retirement Allowance Fund within the Maine Public Employees Retirement System for an increase in the unfunded actuarial liability as a result of providing an additional 2% cumulative COLA for eligible retirees effective September 2022.

This provision may also result in an increase in the normal cost component of the employer retirement rate beginning in the 2026-2027 biennium.