STATE OF MAINE
OFFICE OF LEGISLATIVE ASSISTANTS
ROOM 101
STATE HOUSE, STATION 13
AUGUSTA, MAINE 04333
TEL.: (207) 289-2486

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ONE HUNDRED AND ELEVENTH LEGISLATURE
SECOND REGULAR SESSION

JOINT STANDING COMMITTEE
BILL SUMMARIES
JUNE 1984

This document is a compilation of the bill summaries prepared by this office for the Joint Standing Committees of the Maine Legislature, covering the Second Regular Session of the 111th Legislature. The summaries are arranged alphabetically, and indexed separately by committee.

STATE OF MAINE

ONE HUNDRED AND ELEVENTH LEGISLATURE
SECOND REGULAR SESSION

JOINT STANDING COMMITTEE ON

STATE GOVERNMENT

BILL SUMMARY

MAY, 1984

Prepared by:

Edward Potter, Legislative Assistant
Office of Legislative Assistants
State House, Station 13 Augusta, Maine 04333
(207) 289-2486

LD	TITLE	SPONSOR	(Committee Report) DISPOSITION
2370	AN ACT TO CREATE ENABLING LEGISLATION FOR PAYROLL DEDUCTIONS FOR INDIVIDUAL RETIREMENT ACCOUNTS AND SIMPLIFIED EMPLOYEE PENSION PLANS, TO MAKE NECESSARY TECHNICAL CHANGES IN THE PROVISIONS OF CURRENT DEFERRED COMPENSATION STATUTES, AND TO AUTHORIZE COUNTIES, MUNICIPALITIES, AND OTHER POLITICAL SUBDIVISIONS TO PURCHASE DEFERRED COMPENSATION INSTRUMENTS FROM FINANCIAL INSTITUTIONS, INSURANCE COMPANIES AND INVESTMENT FIRMS	Gwadosky	NOT ENACTED

SUMMARY: LD 2370, a report of the majority of the Committee and a new draft of LD 1834 proposed to establish an enabling law that authorizes the State, local, county, and other political subdivisions to provide public employees with the opportunity for payroll deductions for individual retirement accounts and simplified employee pension plans. In addition, LD 2370 authorizes counties, municipalities, and other political subdivisions to offer public employees the opportunity to purchase deferred compensation instruments from financial institutions as well as from insurance and investment companies. Currently, counties and municipalities may offer deferred compensation instruments to public employees from insurance and investment companies, but not from banks.

The present system, with respect to deferred compensation, is 7 years old and is based on the historic tradition when banks do not provide deferred compensation instruments. Three Insurance Companies, Aetna, Valic, and the Hartford Insurance Companies provide all the deferred compensation instruments to State employees of which 7% participate in the program. Valic administers the program for all 3 insurance companies at no cost to the State. Counties and municipalities may provide deferred compensation instruments to public employees from any insurance or investment company but not from a bank.

The majority of the Committeed perceived the discriminatory prohibition against banks to be unjust. On the State level there was not sufficient evidence to indicate that financial institutions were willing to participate in the State program. The Department of Finance and Administration indicated that if the state program were "opened-up" to financial institutions, there would be costs of $27,000 to the General Fund to put the state program out to bid. As a result, the state program was not amended to include banks.

The counties and municipalities, on the other hand, have been interested in various programs of financial planning offered by banks. As a result, the majority of the Committee favored enabling legislation to allow counties and municipalities to offer deferred compensation instruments from banks to public employees.

The Report of the Majority was accepted by the House while the Report of the Minority (LD 2371) was accepted by the Senate. The Committee of Conference accepted LD 2371.