

# 132nd MAINE LEGISLATURE

# FIRST REGULAR SESSION-2025

**Legislative Document** 

No. 1003

H.P. 650

House of Representatives, March 11, 2025

An Act Establishing the Retirement Benefit Improvement Fund

Reference to the Committee on Labor suggested and ordered printed.

ROBERT B. HUNT
Clerk

Presented by Representative DODGE of Belfast.

Cosponsored by Representatives: BECK of South Portland, BOYER of Cape Elizabeth, DILL of Old Town, GRAHAM of North Yarmouth, MACIAS of Topsham, MCCABE of Lewiston, RAY of Lincolnville, ROEDER of Bangor.

## Be it enacted by the People of the State of Maine as follows:

2.1

- **Sec. 1. 5 MRSA §1536, sub-§1,** as amended by PL 2021, c. 398, Pt. ZZZ, §§2 and 3, is further amended to read:
- 1. Final priority reserves. After the transfers to the State Contingent Account pursuant to section 1507, the transfers to the Loan Insurance Reserve pursuant to section 1511, the transfers pursuant to section 1522, a transfer of \$2,500,000 for the Reserve for General Fund Operating Capital and, the transfers to the Retiree Health Insurance Internal Service Fund pursuant to section 1519 and the transfer to the Retirement Benefit Improvement Fund pursuant to section 17446, the State Controller shall transfer at the close of each fiscal year from the unappropriated surplus of the General Fund an amount equal to the amount available from the unappropriated surplus after all required deductions of appropriations, budgeted financial commitments and adjustments considered necessary by the State Controller have been made as follows:
  - A. Eighty percent to the stabilization fund; and
- G. Twenty percent to the Highway and Bridge Capital program, Other Special Revenue Funds account.
  - Sec. 2. 5 MRSA c. 421, sub-c. 4, art. 10 is enacted to read:

# 18 ARTICLE 10

### RETIREMENT BENEFIT IMPROVEMENT FUND

#### §17446. Retirement Benefit Improvement Fund

- 1. Establishment of fund. The Retirement Benefit Improvement Fund, referred to in this section as "the fund," is established as an interest-bearing, nonlapsing fund for the purpose of providing the resources necessary to increase the portion of the retirement benefit in which cost-of-living adjustments are applied pursuant to section 17806, subsection 1, paragraph A.
- **2. Content of fund.** The fund consists of all resources transferred to the fund under section 1536, subsection 1 and other resources made available to the fund.
- Notwithstanding any provision of law to the contrary, at the close of the fiscal year ending June 30, 2026 and each subsequent fiscal year thereafter, until such time as the cost-of-living adjustment as described in section 17806, subsection 1, paragraph A is applied to a retiree's full retirement benefit, as the next priority after the transfers authorized pursuant to sections 1507, 1511 and 1522, the transfer of \$2,500,000 for the Reserve for General Fund Operating Capital pursuant to section 1536 and the transfers to the Retiree Health Insurance Internal Service Fund pursuant to section 1519 and after all required deductions of appropriations, budgeted financial commitments and adjustments considered necessary by the State Controller have been made, and prior to the transfers required under section 1536, subsection 1, paragraphs A and G, the State Controller shall transfer the remaining balance of the unappropriated surplus of the General Fund to the fund established in subsection 1.

- 3. Use of fund. Money in the fund must be used to pay for the cost-of-living adjustment described by section 17806, subsection 1, paragraph A. The State Controller shall notify the retirement system of the balance in the fund no later than August 1st of each year. If the retirement system determines that the balance in the fund is sufficient to increase by at least \$500 the portion of the retirement benefit in which cost-of-living adjustments are applied, the retirement system shall notify the State Controller. Upon such notification, the State Controller shall transfer the funds in the fund to the retirement system and the chief executive officer of the retirement system shall increase the portion of the retirement benefits in which cost-of-living adjustments are applied beginning in September of that year. If the balance in the reserve account is not sufficient to increase the portion of the retirement benefits in which cost-of-living adjustments are applied by at least \$500, then the funds remain in the fund.
- 4. Report. The chief executive officer of the retirement system shall report at least annually on or before the 2nd Friday in January to the joint standing committee of the Legislature having jurisdiction over appropriations and financial affairs and the joint standing committee of the Legislature having jurisdiction over labor on the status of and activity in the fund.

18 SUMMARY

 This bill requires that an amount of surplus General Fund revenue be transferred annually to a nonlapsing fund to be used to pay for retirement benefit improvements for retired state employees and teachers and their beneficiaries.