



132nd MAINE LEGISLATURE

FIRST SPECIAL SESSION-2025

Legislative Document

No. 1539

S.P. 623

In Senate, April 8, 2025

An Act to Create a State Employee Compensation Stabilization Fund

Reference to the Committee on Appropriations and Financial Affairs suggested and ordered printed.

A handwritten signature in black ink, appearing to read 'D M Grant'.

DAREK M. GRANT
Secretary of the Senate

Presented by Senator TIPPING of Penobscot.
Cosponsored by Representative ROEDER of Bangor and
Senators: BALDACCI of Penobscot, HICKMAN of Kennebec, Representatives: ARCHER of
Saco, DHALAC of South Portland.

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

2 **Sec. 1. 5 MRSA §1536, sub-§1, ¶A**, as amended by PL 2015, c. 267, Pt. L, §8, is
3 further amended to read:

4 A. Eighty percent to the stabilization fund; ~~and~~

5 **Sec. 2. 5 MRSA §1536, sub-§1, ¶G**, as enacted by PL 2021, c. 398, Pt. ZZZ, §3,
6 is amended to read:

7 G. ~~Twenty Nineteen~~ percent to the Highway and Bridge Capital program, Other
8 Special Revenue Funds account-; ~~and~~

9 **Sec. 3. 5 MRSA §1536, sub-§1, ¶H** is enacted to read:

10 H. One percent to the State Employee Compensation Stabilization Fund under section
11 7066.

12 **Sec. 4. 5 MRSA §7066** is enacted to read:

13 **§7066. State Employee Compensation Stabilization Fund**

14 The State Employee Compensation Stabilization Fund, referred to in this section as
15 "the fund," is established within and administered by the Department of Administrative and
16 Financial Services.

17 **1. Use of funds.** Amounts in the fund must be expended to augment the salaries of
18 state employees to provide parity between the salaries of state employees and the salaries
19 of comparable positions in the public and private sectors as determined by a market pay
20 study under section 7061, subsection 4, paragraph B or another market pay study
21 conducted, contracted or reviewed by the Department of Administrative and Financial
22 Services and as agreed upon through negotiations with the labor organization that
23 represents state employees.

24 **2. Funds received; investments; unexpended balances.** The fund is funded by
25 revenue received pursuant to section 1536, subsection 1, paragraph H. Amounts in the fund
26 may be invested as provided by law, and interest earned by the fund is credited to the fund.
27 Unexpended balances in the fund at the end of the fiscal year may not lapse but must be
28 carried forward to the next fiscal year.

29 For purposes of this section, "state employee" has the same meaning as in Title 26,
30 section 979-A, subsection 6.

31 **SUMMARY**

32 This bill creates the State Employee Compensation Stabilization Fund within the
33 Department of Administrative and Financial Services. Funds must be used to augment the
34 salaries of state employees to provide parity between the salaries of state employees and
35 the salaries of comparable positions in the public and private sectors as determined by a
36 market pay study. Unexpended balances in the fund at the end of the fiscal year do not
37 lapse and are carried forward to the next fiscal year. "State employees," as used in the bill,
38 refers to employees of the executive branch.

39 The bill amends provisions governing the allocation of excess General Fund revenues
40 to fund the State Employee Compensation Stabilization Fund. The bill reduces the

1 percentage of funds received by the Highway and Bridge Capital program from 20% to
2 19% and directs to the State Employee Compensation Stabilization Fund 1% of the excess
3 General Fund revenues left over after certain transfers are made.