

**132nd MAINE LEGISLATURE****LD 900****LR 1451(02)****An Act to Protect State Retiree Pensions from Inflation****Fiscal Note for Bill as Amended by Committee Amendment " "****Committee: Labor****Fiscal Note Required: Yes**

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**Fiscal Note**

|                                   | <b>FY 2025-26</b> | <b>FY 2026-27</b> | <b>Projections<br/>FY 2027-28</b> | <b>Projections<br/>FY 2028-29</b> |
|-----------------------------------|-------------------|-------------------|-----------------------------------|-----------------------------------|
| <b>Net Cost (Savings)</b>         |                   |                   |                                   |                                   |
| General Fund                      | \$0               | \$1,652,960,000   | \$0                               | \$0                               |
| <b>Appropriations/Allocations</b> |                   |                   |                                   |                                   |
| General Fund                      | \$0               | \$1,652,960,000   | \$0                               | \$0                               |

**Fiscal Detail and Notes**

This legislation requires that cost-of-living increases for retirees be applied to the first \$40,000 of the retiree's benefit in fiscal year 2026-27 and fiscal year 2027-28 and the first \$50,000 of the retiree's benefit in fiscal year 2028-29 and in each subsequent year thereafter. It also increases the maximum cost-of-living percentage increase that may be applied to a retiree's benefit from 3% to 4% in fiscal year 2026-27 and fiscal year 2027-28 and 5% beginning in fiscal year 2028-29. This bill includes a one-time General Fund appropriation of \$1,652,960,000 in fiscal year 2026-27 to the Maine Public Employees Retirement System for the unfunded actuarial liability created as a result of these provisions which, pursuant to the Maine Constitution, must be funded immediately.

These provisions will also increase the normal cost component of the employer retirement rate beginning in the 2028-2029 biennium (future costs). The impact in the employer contribution rate can not be estimated at this time.