



# 132nd MAINE LEGISLATURE

**LD 1040**

**LR 36(01)**

**An Act to Raise the Cap on Retirement Benefits for Certain State Employees and Teachers to Which a Cost-of-living Adjustment Is Made**

**Preliminary Fiscal Impact Statement for Original Bill**

**Sponsor: Rep. Dodge of Belfast**

**Committee: Labor**

**Fiscal Note Required: Yes**

## Preliminary Fiscal Impact Statement

	<b>FY 2025-26</b>	<b>FY 2026-27</b>	<b>Projections FY 2027-28</b>	<b>Projections FY 2028-29</b>
<b>Net Cost (Savings)</b>				
General Fund	\$0	\$118,240,000	\$0	\$0
<b>Appropriations/Allocations</b>				
General Fund	\$0	\$118,240,000	\$0	\$0

### Fiscal Detail and Notes

This legislation requires that, effective July 1, 2026, the cost-of-living adjustment applies to \$40,000 of the retirement benefit being paid to retired state employees and retired teachers who retired on or before June 30, 2011 or their beneficiaries instead of only to the first \$26,428.98 as required in current law. According to the Maine Public Employees Retirement System, this provision will create an unfunded actuarial liability (UAL) totaling \$118,240,000 that, pursuant to the Maine Constitution, will have to be funded immediately. A one-time General Fund appropriation to the Retirement Allowance Fund within the Maine Public Employees Retirement System for that amount will be required in fiscal year 2026-27 to pay for the UAL cost.