



# 129th MAINE LEGISLATURE

LD 1480

LR 1148(03)

## An Act To Modify Retirement Plans for Fire Investigators and Sergeants

Fiscal Note for Bill as Engrossed with:

C "A" (H-568)

Committee: Labor and Housing

### Fiscal Note

	FY 2019-20	FY 2020-21	Projections FY 2021-22	Projections FY 2022-23
<b>Net Cost (Savings)</b>				
General Fund	\$131,521	\$6,652	\$6,885	\$7,126
<b>Appropriations/Allocations</b>				
General Fund	\$131,521	\$6,652	\$6,885	\$7,126
Other Special Revenue Funds	\$1,025,857	\$51,453	\$53,254	\$55,118

### Fiscal Detail and Notes

This legislation moves state fire marshal investigators, senior state fire marshal investigators and state fire marshal sergeant positions from the 1998 Special Plan to a 20-year, no-age plan. Since there is no open 20-year, no-age retirement plan at the current time, a new plan will need to be created.

Creating a new 20-year, no-age retirement plan for certain positions within the State Fire Marshal's Office will increase the unfunded liability of the Maine Public Employees Retirement System (MainePERS) by approximately \$1.1 million. Pursuant to the Constitution of Maine, Article IX, Section 18-A, unfunded liabilities may not be created except those that result from experience losses. An analysis of the positions that would be eligible for the new plan indicates that approximately 11.4% are funded with General Fund monies and 88.6% are funded with Other Special Revenue Funds. Based on these percentages, this bill includes a one-time General Fund appropriation of \$125,001 and a one-time Other Special Revenue Funds allocation of \$974,999 in fiscal year 2019-20 to the Retirement Allowance Fund within MainePERS for the unfunded liability. The State Fire Marshal's Office program, Other Special Revenue account receives its revenue from the Fire Investigation and Prevention Tax and currently has \$1,830,355 in unencumbered balance forward which could be used to pay for the unfunded liability. The Department of Public Safety has expressed concern regarding the use of this money as it is used to support the operations of the Office of the Fire Marshall in times when the revenue from the tax slows.

This proposal will also increase the normal cost component of the employer retirement rate, resulting in increased employer contributions to the Maine Public Employees Retirement System for these employees from 5.9% to 10.83% for each year of the 2020-2021 biennium. This bill also includes General Fund appropriations of \$6,520 and \$6,652 and Other Special Revenue Funds allocations of \$50,858 and \$51,453 in fiscal years 2019-20 and 2020-21, respectively, to the Office of the Fire Marshall for the additional cost. MainePERS is unable to determine the employer contribution rate for the unfunded actuarial liability at this time.