



129th MAINE LEGISLATURE

LD 1207

LR 684(01)

An Act To Expand the 1998 Special Retirement Plan To Include Detectives in the Office of Investigations within the Department of the Secretary of State, Bureau of Motor Vehicles

Preliminary Fiscal Impact Statement for Original Bill

Sponsor: Rep. Nadeau of Winslow

Committee: Labor and Housing

Fiscal Note Required: Yes

Preliminary Fiscal Impact Statement

	FY 2019-20	FY 2020-21	Projections FY 2021-22	Projections FY 2022-23
Net Cost (Savings)				
Highway Fund	\$0	\$20,936	\$21,667	\$22,427
Appropriations/Allocations				
Highway Fund	\$0	\$20,936	\$21,667	\$22,427

Fiscal Detail and Notes

Allowing detectives employed in the office of investigations within the Department of the Secretary of State, Bureau of Motor Vehicles, on or after July 1, 2020 to participate in the 1998 Special Plan of the Maine Public Employees Retirement System will increase both the normal cost and unfunded actuarial liability components of the employer retirement rate, resulting in increased employer contributions to the Maine Public Employees Retirement System for detectives beginning in fiscal year 2020-21.

This legislation includes a transition provision for those detectives hired by the Bureau of Motor Vehicles prior to July 1, 2020 which allows these employees to elect to participate in the 1998 Special Plan within 180 days of the effective date of this Act, assumed to be on or around October 1, 2019. Based on an analysis performed by the Maine Public Employees Retirement System, this preliminary fiscal impact statement assumes that 8 of the 13 eligible detectives (including one new detective position proposed to be added in the 2020-2011 biennial budget) will elect to participate in the 1998 Special Plan as soon as the option becomes available and the remaining detectives will opt to stay in the State Regular Plan. The Bureau of Motor Vehicles will require a Highway Fund allocation of \$20,936 in fiscal year 2020-21 for the cost associated with moving the positions to the 1998 Special Plan.

If any of the detectives hired by the Bureau of Motor Vehicles prior to July 1, 2020 who choose to remain in the State Regular Plan eventually retire or otherwise vacate their positions, any newly hired detectives will be placed in the 1998 Special Plan. The additional cost to the Bureau of Motor Vehicles to fill these positions at the higher employer contribution rate is estimated to be between \$2,000 and \$3,000 per position annually. When this additional cost will be incurred and which fund will be impacted cannot be determined at this time.