

DATE: April 24, 2023

TO: Senator Peggy Rotundo, Chair
Representative Melanie Sachs, Chair
Members, Joint Standing Committee on Appropriations and Financial Affairs

FROM: Kathy J. Morin, Director, Actuarial and Legislative Affairs

SUBJECT: Testimony on L.D. 1607 – An Act to Stabilize the Pension Funds of the Maine
Public Employees Retirement System

MainePERS is submitting written testimony neither for nor against L.D. 1607.

LD. 1607 would establish the Retirement Improvement Fund for the payment of retirement benefit improvements, and sets out how resources would be transferred to the fund. The fund as described in the bill appears consistent with other funds that are held and administered by the State of Maine, specifically as an “interest-bearing, nonlapsing fund.” The bill would establish the new fund by adding a new Article 10 to Part 20 of Title 5. However, there is existing language in Title 5, sections 17103 and 17153, that makes the MainePERS Board of Trustees responsible for funds established by Part 20. We recommend amending the bill to clarify that the Board is not responsible for the new fund or alternatively to move the provisions establishing the new fund outside of Part 20. An example of how to make this clarification is in Title 5, section 17433.

Thank you for your consideration of this testimony. We are available to attend your work session if you have questions.