Joint Standing Committee on Labor

LD 483 **An Act to Abolish the Legislative Retirement System** DIED BETWEEN HOUSES

Sponsor(s)	Committee Report		Amendments Adopted
UNDERWOOD	ONTP	MAJ	
	OTP-AM	MIN	

LD 483, which was carried over from the First Regular Session, proposed to limit continued membership in the Maine Legislative Retirement System after September 30, 1995 to legislators who had 10 years of creditable service as of that date. The benefits of former legislators currently receiving a retirement allowance or a disability retirement allowance were not affected by this bill. Former and current legislators who, as of September 30, 1995, were eligible to receive a retirement benefit at some point in the future would not have had their accrued benefits affected. The Board of Trustees of the Maine Legislative Retirement System would have continued to oversee the administration of the system until all of the remaining beneficiaries of the system died. At that time, the system was directed to submit legislation to repeal the Legislative Retirement System.

Committee Amendment "B" (H-881), which is the minority report of the committee in the Second Session, proposed to limit continued membership in the Maine Legislative Retirement System after December 3, 1996 to legislators who are vested as of that date. Former legislators or their beneficiaries who are currently receiving a retirement allowance or legislators who are receiving a disability retirement allowance would not have had their benefits affected by this amendment. Former and current legislators who are vested and, therefore, are eligible to receive a retirement benefit at some point in the future would not have had their accrued benefits affected and could continue to accrue service credit for future legislative service.

The Board of Trustees of the Maine Legislative Retirement System would have continued to oversee the administration of the Maine Legislative Retirement System. Once all of the liabilities of the system had been discharged, the system was directed to submit legislation to repeal the Legislative Retirement System.

After December 3, 1996, current legislators not remaining members of the Maine Legislative Retirement System and future legislators would have been required to join either a 401(a) deferred compensation plan or a 457 defined contribution plan or both. The amendment proposed that legislators must contribute at least 7.5% of their compensation to one of the plans. Additional contributions above that level would have been subject to federal law. The State would not have contributed to the plans on behalf of legislators. The plans would have been administrated by the Maine State Retirement System and any gains realized by the Maine State Retirement System as a result of this amendment used to reduce the unfunded liability of the Maine State Retirement System attributable to state employees and teachers.

The amendment also proposed to add an appropriation and a fiscal note. (The amendment was adopted in the Senate, but failed in the House.)

LD 926 **An Act to Prevent Impasse in Collective Bargaining by Allowing Parties of Either Side to Request Mediation** ONTP

Sponsor(s)	Committee Report	Amendments Adopted
SAMSON	ONTP	

LD 926 proposed to clarify the duty of a public employer and public employees to bargain in good faith after an arbitrator has made advisory recommendations and would have provided that the most recent collective bargaining agreement remain in force until a new agreement is ratified.

LD 946 **An Act Concerning Notification to Maine Workers and Contractors** PUBLIC 524

Sponsor(s)	Committee Report	Amendments Adopted
LONGLEY	OTP-AM MAJ	S-418
JACQUES	OTP-AM MIN	

LD 946, which was carried over from the First Regular Session, proposed to give preference in the award of construction and public works contracts by the State and its political subdivisions to in-state bidders, provided their bids are no more than 5% over bids submitted by out-of-state bidders. The bill defined "in-state bidder" as a bidder whose principal place of business or a branch of the bidder's principal place of business has been located in the State for a period of at least 2 years and who will employ at least 90% Maine residents to perform the contract. The original title of LD 946 was “An Act Concerning Preference to Maine Workers and Contractors.”

Committee Amendment "A" (S-418), the majority report of the committee, proposed to replace the original bill with provisions intended to provide Maine businesses with timely information on opportunities to participate as subcontractors in contracts awarded by the State. The amendment proposed that potential bidders be notified through the bidding documents of the availability of information on Maine subcontractors and suppliers. The State would have to notify the appropriate economic development organization of anticipated contracting opportunities and, if a contract were expected to exceed $100,000, Maine businesses would also be notified of the opportunity. The amendment also proposed that the current statutory provision giving a preference to resident bidders for equally favorable bids be amended to reflect the requirements currently in the Maine Revised Statutes, Title 5 that apply to state public improvement projects.

Committee Amendment "B" (S-419), the minority report of the committee, proposed to replace the bill entirely. The amendment would have repealed the provisions of Public Law 1995, chapter 387, that were enacted during the First Regular Session (LD 1200, State and Local Government). The provisions in chapter 387 require the State to add a certain percent increase to the bid of an out-of-state contractor if that contractor's home state gives preference to its own in-state bidders. (Not adopted)

Enacted law summary

Public Law 1995, chapter 524 imposes certain requirements on the State so that Maine businesses have available timely information on opportunities to participate as subcontractors in contracts awarded by the State. Potential bidders are notified through the bidding documents of the availability of information on Maine subcontractors and suppliers. The State must notify the appropriate economic development organization of anticipated contracting opportunities and, if a contract is expected to exceed $100,000, Maine businesses are also notified of the opportunity.

The current statutory provision giving a preference to resident bidders for equally favorable bids is amended to refer to the requirements currently in the Maine Revised Statutes, Title 5 that apply to state public improvement projects.

LD 1056 **Resolve, to Create an Advisory Committee to Assist in the Management of State Employee Workers' Compensation Costs** RESOLVE 63

Sponsor(s)	Committee Report		Amendments Adopted
HARRIMAN	OTP-AM	MAJ	H-743
	ONTP	MIN	S-420

LD 1056, which was carried over from the First Regular Session, proposed to create an advisory committee to review the current method of funding workers compensation costs for state employees and make recommendations to the Governor and the Legislature on the best way to fund those costs consistent with fiscal responsibility, efficiency and public accountability. The proposal required the advisory committee to report its recommendations before the Second Regular Session of the 117th Legislature. The original title of LD 1056 was "Resolve, to Create an Advisory Committee to Assist in the Funding of State Employee Workers' Compensation Claims."

Committee Amendment "A" (S-420), the majority report, proposed to replace the entire bill and change the focus of the advisory committee from workers' compensation funding issues to the State's management of its return-to-work and safety programs. The membership of the advisory committee would have increased from 9 to 12 members and experience in workplace safety and return-to-work programs would have been required for certain members. The amendment required the first meeting to be called by September 15, 1996 and at that meeting the Department of Administrative and Financial Services, Bureau of Human Resources would be required to report on the programs that the State has in place and the steps that have been taken to improve the State's management of its workers' compensation costs. The proposal required the advisory committee to report to the Governor and the legislative committees having jurisdiction over labor matters and state and local government matters by February 1, 1997. The amendment also added a fiscal note to the bill.

House Amendment "A" to Committee Amendment "A" (H-743) proposed that the first meeting of the advisory committee be called by the Chair of the Legislative Council.

Enacted law summary

Resolve 1995, chapter 63 creates an advisory committee to review the State's management of its return-to-work and safety programs. The Governor, the President of the Senate and the Speaker of the House of Representatives each appoint 4 of the 12 members of the committee. The Resolve specifies the affiliation or experience expected for each member. The first meeting must be called by the Chair of the Legislative Council by September 15, 1996 and at that meeting the Department of Administrative and Financial Services, Bureau of Human Resources is required to report on the programs that the State has in place and the steps that have been taken to improve the State's management of its workers' compensation costs. The advisory committee must report its recommendations to the Governor and the legislative committees having jurisdiction over labor matters and state and local government matters by February 1, 1997.

LD 1606 **An Act to Amend the Overtime Laws as They Pertain to Bonuses** PUBLIC 510 EMERGENCY

Sponsor(s)	Committee Report	Amendments Adopted
WINSOR	OTP	
MILLS		

LD 1606 proposed to clarify that the calculation of overtime pay under Maine law is intended to be identical to the calculation of overtime pay under the federal Fair Labor Standards Act.

Enacted law summary

Public Law 1995, chapter 510 clarifies that the calculation of overtime pay under Maine law is identical to the calculation of overtime pay under the federal Fair Labor Standards Act.

Chapter 510 was enacted as an emergency measure effective February 22, 1996.

LD 1609 **An Act to Provide Consistent Retirement Plan Options for Game Wardens, Marine Patrol Officers, Forest Rangers and Baxter State Park Authority Rangers** PUBLIC 624 EMERGENCY

Sponsor(s)	Committee Report	Amendments Adopted
CHASE	OTP-AM	H-817

Last year a retirement option was provided to game wardens, marine patrol officers and Baxter State Park Authority rangers allowing persons employed in those capacities to elect a retirement plan that provided full benefits at 55 years of age with at least 25 years of service. Any game warden, marine patrol officer or Baxter State Park Authority ranger electing this retirement plan was required to pay the full actuarial and administrative costs associated with the election. If the election is not made, the employee participates in the regular retirement plan for state employees, which is the plan under which wardens and rangers currently are covered. LD 1609 proposed to extend the election to forest rangers.

Committee Amendment "A" (H-817) retained the provisions of the bill and proposed to make several technical amendments to the bill and the law enacted last year to streamline administration of retirement options and plans for various groups of employees. The amendment proposed the following.

1. To establish January 1, 1997 as a standard date for exercise of an early retirement plan election.

2. To permit game wardens, marine patrol officers, Baxter State Park Authority rangers and forest rangers who elect the retirement plan option to retire before 55 years of age with at least 25 years of service at a reduced benefit. The rate of reduction is the same as for state police, prison guards and other state employees who retire before normal retirement age.

3. To clarify that game wardens, marine patrol officers and forest rangers electing to retire at 55 years of age with 25 years of service may have been first employed in those capacities both before and after August 31, 1984, the date when the prior special retirement plans for those employees were eliminated. Without this clarification, the election may not be available to employees having this employment history. The date of first hire may have

implications for the rate of reduction applied to the benefits of a person electing the retirement plan available to these employers.

4. To add a fiscal note to the bill.

Enacted law summary

Public Law 1995, chapter 624 extends to forest rangers a retirement option that was provided to game wardens, marine patrol officers and Baxter State Park Authority rangers last year. The option allows persons employed as a forest ranger to elect a retirement plan that provided full benefits at 55 years of age with at least 25 years of service. Any person electing this retirement plan is required to pay the full actuarial and administrative costs associated with the election. If the election is not made, the employee participates in the regular retirement plan for state employees, which is the plan under which forest rangers currently are covered.

Public Law 1995, chapter 624 also makes the following technical amendments to streamline administration of retirement options and plans for various groups of employees.

1. It establishes January 1, 1997 as a standard date for exercise of early retirement plan election.

2. It permits game wardens, marine patrol officers, Baxter State Park Authority rangers and forest rangers who elect the retirement plan to retire before 55 years of age with at least 25 years of service at a reduced benefit. The rate of reduction is the same as for state police, prison guards and other state employees who retire before normal retirement age.

3. It clarifies that game wardens, marine patrol officers and forest rangers electing to retire at 55 years of age with 25 years of service may have been first employed in those capacities both before and after August 31, 1984, the date when the prior special retirement plans for those employees were eliminated. Without this clarification, the election may not be available to employees having this employment history. The date of first hire may have implications for the rate of reduction applied to the benefits of a person electing the retirement plan available to these employers.

Chapter 624 was enacted as an emergency measure effective April 8, 1996.

LD 1633 **An Act to Clarify the Laws Governing the Calculation of Interest on Decrees under the Workers' Compensation Laws** INDEF PP

Sponsor(s)	Committee Report		Amendments Adopted
MILLS	OTP-AM	MAJ	
	ONTP	MIN	

LD 1633 proposed to clarify the payment of interest on overdue workers' compensation benefits. Current law identifies 2 different rates of interest. The bill proposed to establish a rate of 1% per month for each calendar month that the benefit payment has been due and would have given a period of grace for the month in which each benefit first accrues. Benefits payable within each calendar month would be treated as a single award with interest to accrue only from the end of the month forward. The method of calculation would have applied to all workers' compensation obligations arising after the effective date of the bill regardless of the date of injury.

Committee Amendment "A" (S-424), the majority report, would have clarified that the interest charged would be simple, not compound, and that it would only be charged for each complete calendar month that the payment had been due. The amendment would have also added a fiscal note to the bill.

LD 1637 **An Act to Establish the Administrative Operating Budget for the Maine State Retirement System for the Fiscal Year Ending June 30, 1997** P & S 58 EMERGENCY

Sponsor(s)	Committee Report	Amendments Adopted
	OTP	S-440

The Maine State Retirement System is required by law to present its annual operating budget to the Legislature for approval. LD 1637 is the system's 3rd annual budget. The budget is for the fiscal year 1996-97.

The bill identifies the system's Personal Services costs and its costs for All Other operating expenses. The bill attributes the expenses of the system proportionally among the General Fund; Non-General Fund; and Participating Local Districts.

Senate Amendment "A" (S-440) expresses legislative approval of the collective bargaining agreements between the Maine State Retirement System and its employees as required by law.

Enacted law summary

Private and Special Law 1995, chapter 58 is the Maine State Retirement System's annual operating budget for the fiscal year 1996-97. Legislative approval is required by law. Private and Special Law 1995, chapter 58 also expresses legislative approval of the collective bargaining agreements between the Maine State Retirement System and its employees as required by law.

Chapter 58 was enacted as an emergency measure effective July 1, 1996.

LD 1698 **An Act to Make Changes to the Disability Plans Administered by the Maine State Retirement System and to Establish a Process for Further Improvements** PUBLIC 643 EMERGENCY

Sponsor(s)	Committee Report	Amendments Adopted
HATCH	OTP-AM	H-899
RAND		H-911

LD 1698 proposed to expedite the decision-making process for disability retirement under the Maine State Retirement System. This bill would have:

1. Permitted the Board of Trustees of the Maine State Retirement System to designate additional medical boards to review applications for disability retirement;

2. Required that the executive director of the system submit to the medical board within 30 days of receipt applications for disability retirement; and

3. Eliminated language that limits, except in certain circumstances, the payment of disability retirement benefits to not more than 6 months before the date of receipt by the executive director of the written application.

Committee Amendment "A" (H-899) proposed to replace the bill and resulted from the February 20, 1996 report of the Maine State Retirement System to the Labor Committee pursuant to Private and Special Law 1995, chapter 38. The amendment dealt with the same issues as the bill in a more comprehensive way. It also would have addressed other disability issues identified in the retirement system report. The amendment also adds an emergency preamble and clause.

The amendment proposed:

1. Changes in the Maine Revised Statutes, Title 5, chapter 423, subchapter V, articles 3 and 3-A and chapter 425, subchapter V, articles 3 and 3-A to improve the present administration of the disability plans;

2. To establish the level of benefit payments under the disability plans amended to comply with the federal Older Workers Benefit Protection Act; and

3. To establish a study committee to study the merger of the 3 disability plans administered by the Maine State Retirement System into one pooled plan modeled after the Maine Revised Statutes, Title 5, chapter 423, subchapter V, article 3-A and chapter 425, subchapter V, article 3-A to study other changes to the disability plan or plans.

The amendment proposed to permit the Board of Trustees of the Maine State Retirement System to establish more than one medical board, clarify the medical board's role in rehabilitation reviews and give the board flexibility through rulemaking to determine how it would obtain medical consultation on each applicant for disability retirement benefits.

It proposed to establish the level of disability retirement allowance at 59% of the member's average final compensation for judges, state employees and teachers who are covered by a "no-age" disability plan in compliance with the federal Older Workers Benefit Protection Act.

It proposed to repeal provisions requiring Maine State Retirement System members to file statements of health.

It proposed to modify current preexisting condition language to allow an applicant to meet the 5-year continuous creditable service requirement notwithstanding a break in service as long as 5 continuous years of service are earned after the preexisting condition arises.

It proposed to establish criteria for determining whether a recipient of disability retirement benefits is eligible for rehabilitation services.

It proposed to repeal the provisions of current law providing members the option to elect coverage under a disability plan that is amended to meet the requirements of the federal Older Workers Benefit Protection Act because the election has taken place.

It proposed to establish provisions applying to participating local districts that are parallel to those that apply to state employees.

This amendment also added a fiscal note to the bill.

House Amendment "B" to Committee Amendment "A" (H-911) proposed to delete language from the committee amendment that modified current preexisting condition language to allow an

applicant to meet the 5-year continuous creditable service requirement notwithstanding a break in service as long as 5 continuous years of service are earned after the preexisting condition arises. The reason for deleting the language was to eliminate a possible increase in the Retirement System's unfunded liability. This amendment directed the Committee to Study Disability Retirement to study this issue.

House Amendment "A" to Committee Amendment "A" (H-103) proposed to place the financial burden of erroneous disability benefit overpayments due solely to a mistake of the Maine State Retirement System on the Maine State Retirement System, rather than on the recipient of the benefit who has come to rely on the mistake, if the overpayments have continued for at least 10 years. The amendment would have applied to disability retirement benefits paid on or after January 1, 1995. The amendment also proposed to add an appropriation section to the bill. (Not adopted)

Enacted law summary

Public Law 1995, chapter 643 does the following:

Establishes a study committee to study the merger of the three disability plans administered by the Maine State Retirement System into one pooled plan.

Permits the Board of Trustees of the Maine State Retirement System to establish more than one medical board, clarifies the medical board's role in rehabilitation reviews and gives the board flexibility through rulemaking to determine how it will obtain medical consultation on each applicant for disability retirement benefits.

Establishes the level of disability retirement allowance at 59% of the member's average final compensation for judges, state employees and teachers who are covered by a "large" disability plan in compliance with the federal Older Workers Benefit Protection Act.

Repeals provisions requiring Maine State Retirement System members to file statements of health.

Establishes criteria for determining whether a recipient of disability retirement benefits is eligible for rehabilitation services.

Repeals the provisions of current law providing members the option to elect coverage under a disability plan that is amended to meet the requirements of the federal Older Workers Benefit Protection Act because the election has taken place.

Enacts provisions applying to participating local districts that are parallel to those that apply to state employees.

Chapter 643 was enacted as an emergency measure effective April 10, 1996.

LD 1761 An Act to Amend the Laws Regarding Employee Leasing PUBLIC 618

Companies EMERGENCY

Sponsor(s)	Committee Report	Amendments Adopted
HANLEY BENEDIKT	OTP-AM	S-464

LD 1761 proposed to prohibit an employee leasing company from offering health benefits on a self-insured basis without meeting the funding and reporting requirements that currently apply to other forms of multiple-employer welfare arrangements. These requirements include establishing the self-insured health benefit plan as a separate trust and complying with various filing, reporting and actuarial standards. The bill also would have required that if a multiple-employer welfare arrangement is terminated, prior written notice must be provided to the affected employees. Similar notice is currently required prior to termination of other group insurance plans. The bill proposed to strengthen the regulation of multiple employer welfare arrangements by requiring arrangements to obtain fidelity bonds and by clarifying the standards applicable to the annual certifications of balance sheets and statements of operations of multiple employer welfare arrangements prepared by certified public accountants.

The bill also proposed to transfer the responsibility for registering employee leasing companies from the Bureau of Insurance to the Commissioner of Labor. In addition, the bill proposed to direct the Commissioner of Labor to work with various state officials to develop material to assist new businesses or small employers that are considering using an employee leasing company. This material would be designed to help the employer ask the right questions in order to minimize the financial risk to the business and the employees.

Committee Amendment "A" (S-464) proposed a less stringent approval process for self-insured health benefit plans offered by an employee leasing company than is required of other multiple-employer welfare arrangements. The amendment proposed that a number of requirements be met in order for the self-insured health benefit plan offered by an employee leasing company to be approved by the Superintendent of Insurance. The leasing company would have to be registered in Maine, an annual audited financial report would have to be submitted to the Bureau of Insurance, and a certified public accountant would have to attest on a quarterly basis that employees are being paid, taxes are being paid and adequate reserves and excess insurance are being maintained. The excess insurance would have to be provided by an insurer licensed in Maine. This proposed approval process would have applied existing self-insured plans that continue to be provided after April 30, 1996 and all new self-insured plans established on or after April 30, 1996. The amendment also proposed that the Superintendent of Insurance be authorized to approve an arrangement conditioned upon the timely receipt of the required information if the superintendent had determined that the arrangement is properly funded. The amendment also adds a one-time filing fee for all multiple-employer welfare arrangements subject to the Maine Revised Statutes, Title 24-A, chapter 81, classifies the rules that may be adopted and adds a fiscal note to the bill.

Enacted law summary

Public Law 1995, chapter 618 defines a health benefit plan provided by an employee leasing company as a multiple-employer welfare arrangement and regulates the plan if it is offered on a self-insured basis. The approval process for self-insured plans offered by an employee leasing company is less stringent than that required of other multiple-employer welfare arrangements. A number of requirements must be met for the self-insured health benefit plan offered by an employee leasing company to be approved by the Superintendent of Insurance. The leasing company must be registered in Maine, an annual audited financial report must be submitted to the Bureau of Insurance, and a certified public accountant must attest on a quarterly basis that

employees are being paid, taxes are being paid and adequate reserves and excess insurance are being maintained. The excess insurance must be provided by an insurer licensed in Maine. This regulation applies to existing self-insured plans that continue to be provided after April 30, 1996 and all new self-insured plans established on or after April 30, 1996. The Superintendent of Insurance is authorized to approve an arrangement conditioned upon the timely receipt of the required information if the superintendent determines that the arrangement is properly funded.

Chapter 618 also strengthens the regulation of all types of multiple employer welfare arrangements subject to the provisions of the Maine Revised Statutes, Title 24-A, chapter 81 by requiring arrangements to obtain fidelity bonds and by clarifying the standards applicable to the annual certifications of balance sheets and statements of operations prepared by certified public accountants. It also requires that if a multiple-employer welfare arrangement is terminated, prior written notice must be provided to the affected employees. A one-time filing fee is also required. The responsibility for registering employee leasing companies is transferred from the Bureau of Insurance to the Commissioner of Labor. The Commissioner of Labor is directed to work with various state officials to develop material to assist new businesses or small employers that are considering using an employee leasing company.

Chapter 618 was enacted as an emergency measure effective April 8, 1996.

LD 1770 **An Act to Exempt Certain Individuals from Unemployment Insurance Requirements** PUBLIC 587 EMERGENCY

Sponsor(s)	Committee Report	Amendments Adopted
LAWRENCE	OTP-AM	S-453

LD 1770 proposed to make Maine's unemployment laws consistent with federal unemployment laws by exempting from the definition of "employment" for unemployment insurance purposes all persons engaged in fishing. Current state law exempts only those individuals engaged in fishing from a boat. The change proposed in the bill would only apply as long as the federal exemption continued. LD 1770 was originally titled “An Act to Exempt All Individuals Engaged in Fishing from Unemployment Insurance Requirements.”

Committee Amendment "A" (S-453) replaced the original bill with a more limited exemption from the state unemployment insurance requirements. The amendment proposed that services performed in harvesting shellfish for depuration from contaminated areas would not be considered employment for the purposes of unemployment insurance taxes and benefit eligibility. The amendment also proposed that services performed by a licensed guide would also be exempt if that employment is exempt from the federal unemployment tax. The amendment also added a fiscal note to the bill.

Enacted law summary

Public Law 1995, chapter 587 provides that services performed in harvesting shellfish for depuration from contaminated areas are not considered employment for the purposes of unemployment insurance taxes and benefit eligibility. It also provides that services performed by a licensed guide are also exempt if that employment is exempt from the federal unemployment tax.

Chapter 587 was enacted as an emergency measure effective April 1, 1996.

LD 1807 **An Act to Exclude Services Provided by Direct Sellers from the Definition of Employment for Purposes of Unemployment** PUBLIC 612 EMERGENCY

Compensation

Sponsor(s)	Committee Report	Amendments Adopted
JOY BEGLEY	OTP-AM	H-781

LD 1807 proposed to exempt the remuneration paid to some direct sellers from unemployment insurance contributions under the Employment Security Law so that it would not be used to establish coverage for unemployment insurance. The proposed change was intended to exempt individual distributors such as Mary Kay, Avon, Amway and Tupperware. The proposal would not have exempted sellers of major renovations or improvements to the structure of a home, business or property.

Committee Amendment "A" (H-781) proposed to add an emergency preamble, an emergency clause and a fiscal note to the bill.

Enacted law summary

Public Law 1995, chapter 612 provides that services performed by certain direct sellers are not considered employment for the purposes of unemployment insurance taxes and benefit eligibility. Chapter 612 specifically refers to the definition of direct sellers provided in federal law and explicitly states that the exemption does not extend to sellers of major renovations or improvements to the structure of a home, business or property.

Chapter 612 was enacted as an emergency measure effective April 3, 1996.

LD 1825 **An Act Regarding Survivor Benefits in the Event of Divorce and Remarriage** PUBLIC 604 EMERGENCY

Sponsor(s)	Committee Report	Amendments Adopted
SMALL	OTP-AM	S-495 S-503

Under current law, a recipient of reduced retirement benefit from the Maine State Retirement System who is divorced may change the beneficiary from the original spouse to someone else only if the divorce occurs after retirement. LD 1825 proposed to permit a recipient to change the beneficiary from the original spouse to someone else even if the divorce occurred before the beneficiary was named.

Committee Amendment "A" (S-495) proposed to make the following additions to the bill.

1. It made changes to clarify that the bill deals only with retirement beneficiaries, not other types of beneficiaries.

2. It provided for the possibility that a member may have more than one former spouse.

3. It added an emergency preamble and an emergency clause to the bill.

Senate Amendment "A" to Committee Amendment "A" (S-503), presented on behalf of the Committee on Bills in the Second Reading, proposed to make technical changes to a provision of

law that is parallel to another provision, Title 5, section 17805, subsection 1, paragraph B, already included in the committee amendment.

Enacted law summary

Under current law, a recipient of reduced retirement benefit who is divorced may change the beneficiary from the original spouse to someone else only if the divorce occurs after retirement. Public Law 1995, chapter 604 permits a recipient to change the beneficiary from the original spouse to someone else even if the divorce occurred before the beneficiary was named.

Chapter 604 was enacted as an emergency measure effective April 2, 1996.

LD 1846 **An Act to Combine Certain Reporting Requirements for Employees** PUBLIC 657

Sponsor(s)	Committee Report	Amendments Adopted
RUHLIN	OTP-AM	S-520
REED G		S-584

LD 1846 proposed to change both the employment security laws and the tax laws to assist with the collection of unemployment contributions and income tax withholding on a single form. The bill proposed to change the reporting due dates, penalty provisions and appeal periods to facilitate the integration of these 2 processes.

Committee Amendment "A" (S-520) proposed to add a fiscal note to the bill.

Senate Amendment "A" to Committee Amendment "A" (S-584) proposed to remove the fiscal note from the bill and add a new one.

Enacted law summary

Public Law 1995, chapter 657 amends a number of provisions related to the employment security laws and the tax laws to enable the collection of unemployment contributions and income tax withholding on a single form. Reporting and payment due dates are set as the last day of the month following the close of the calendar quarter for both unemployment and income tax withholding reports. Late filing penalties are set at the greater of $25 or 10% of the amount due, rather than separate penalties for each tax. Late payment penalties for unemployment are set at 1% of the amount unpaid for each month in arrears up to a maximum of 25%, which matches the income tax withholding late payment penalties. Chapter 657 also makes the provisions on waivers or abatements of penalties consistent and establishes a 30 day appeal period for both unemployment and income tax withholding determinations. The confidentiality statute applicable to income tax withholding is also modified to allow the Department of Labor access to the information related to unemployment insurance.

LD 1850 **An Act to Clarify the Retirement Status of Certain Employees of the Child Development Services System** P & S 78 EMERGENCY

Sponsor(s)	Committee Report	Amendments Adopted
TREAT	OTP-AM	H-875

LD 1850 proposed to permit employees of the Child Development Services System to elect not to receive the distribution of retirement funds from the Maine State Retirement System as required under law upon the dissolution of a participating local district and to retain accrued creditable service under the Retirement System.

Committee Amendment "A" (H-875) replaced the bill. The amendment proposed a more comprehensive method to accomplish the intent of the bill. The amendment clarified the options of CDS employees and former employees upon dissolution of CDS as a participating local district, established a time frame in which the options must be exercised, directed the retirement system to provide assistance to those exercising an option, provided for equitable distribution of funds if there are insufficient assets to make full payment or transfer and provided for distribution of any remaining assets after full payment and transfer have been made. The amendment also proposed to add an emergency preamble and clause and a fiscal note to the bill.

Enacted law summary

Private and Special Law 1995, chapter 78 provides options to employees and former employees of the Child Development Services System, "CDS," with regard to distribution of retirement funds and the transfer of creditable service following dissolution of CDS as a participating local district under the Maine State Retirement System. The amendment clarifies the options, establishes a time frame in which the options must be exercised, directs the retirement system to provide assistance to those exercising an option, provides for equitable distribution of funds if there are insufficient assets to make full payment or transfer and provides for distribution of any remaining assets after full payment and transfer have been made.

Chapter 78 was enacted as an emergency measure effective April 10, 1996.

LD 1855 **An Act to Limit the Liability of Employers for the Costs of Early Retirement Incentives** DIED BETWEEN HOUSES

Sponsor(s)	Committee Report	Amendments Adopted
	OTP	

LD 1855 was reported by the minority of the Joint Standing Committee on Labor pursuant to Resolve 1995, chapter 39. Like the majority report, LD 1856, this bill proposed to clarify implementation of current law regarding payment of the actuarial and administrative costs of early retirement incentives offered by school administrative units to teachers. This bill differs from LD 1856 in that it proposed to:

1. Make operation of the current law requiring employers to pay the additional actuarial and administrative costs of early retirement incentives prospective from March 15, 1996;

2. Absolve school administrative units of any obligation for the costs of early retirement occurring before March 15, 1996; and

3. Delegate authority to establish the method of calculation and payment of the costs of early retirement to the Early Retirement Incentives Review Panel, established in the bill, through adoption of major substantive rules.

LD 1856 An Act to Clarify the Early Retirement Incentives Law PUBLIC 541 EMERGENCY

Sponsor(s)	Committee Report		Amendments Adopted
	OTP	MAJ	

LD 1856 was reported by the majority of the Joint Standing Committee on Labor pursuant to Resolve 1995, chapter 39. The bill proposed to clarify implementation of current law regarding payment of the actuarial and administrative costs of early retirement incentives offered by school administrative units to teachers since July 1, 1993. For prospective application to payments after the effective date of the legislation, the bill proposed to:

1. Establish the criteria for determining whether a payment in connection with retirement is an early retirement incentive;

2. Make the school unit responsible for demonstrating whether the criteria are met;

3. Create the Early Retirement Incentives Review Panel to rule whether a payment constitutes an early retirement incentive; and

4. Establish the procedure for calculation of actuarial and administrative costs and payment of those costs.

With respect to payments made in connection with retirement between July, 1, 1993 and June 28, 1995, the bill established the responsibility of 8 school units to pay the actuarial and administrative costs for early retirement incentives that they paid to their employees.

The bill was introduced as an emergency in order to take effect before the end of the moratorium relieving employers of the obligation to pay the costs of early retirement incentives enacted last year. The moratorium expired March 15, 1996. If this bill or a similar bill had not been enacted before that date, according to the Attorney General's office, all school units that made payments in connection with early retirement could have been liable for the actuarial and administrative costs resulting from those retirements. This bill limited the obligation to pay actuarial and administrative costs to 8 school units that offered early retirement incentives.

Enacted law summary

Public Law 1995, chapter 541 clarifies implementation of current law regarding payment of the actuarial and administrative costs of early retirement incentives offered by school administrative units to teachers since July 1, 1993. For prospective application to payments after the effective date of the legislation, the bill:

1. Establishes the criteria for determining whether a payment in connection with retirement is an early retirement incentive;

2. Makes the school unit responsible for demonstrating whether the criteria are met;

3. Creates the Early Retirement Incentives Review Panel to rule whether a payment constitutes an early retirement incentive; and

4. Describes the procedure for calculation of actuarial and administrative costs and payment of those costs.

With respect to payments made in connection with retirement between July, 1, 1993 and June 28, 1995, the bill establishes the responsibility of 8 school units to pay the actuarial and administrative costs for early retirement incentives that they paid to their employees.

Chapter 541 was enacted as an emergency measure effective March 14, 1996.

LD 1862 **An Act to Ensure That Employees Are Compensated for Accrued Vacation Time in the Event of the Sale of a Business** PUBLIC 580 EMERGENCY

Sponsor(s)	Committee Report	Amendments Adopted
TUTTLE MILLS HATCH	OTP-AM	H-840

LD 1862 proposed to require that the seller of a business pay its employees any unpaid wages and any accrued vacation pay within 2 weeks following the sale of the business.

Committee Amendment "A" (H-840) proposed to permit the seller to comply with the requirement that employees be compensated for wages earned and accrued vacation time by entering into an agreement with the buyer for the buyer to assume that obligation to pay unpaid wages and honor accrued vacation time. The amendment also proposed adding an emergency preamble, an emergency clause and a fiscal note to the bill.

Enacted law summary

Public Law 1995, chapter 580 provides that the seller of a business is obligated to pay its employees any unpaid wages and any accrued vacation pay within 2 weeks following the sale of the business. A seller may comply with this requirement by entering into an agreement with the buyer for the buyer to assume that obligation to pay unpaid wages and honor accrued vacation time.

Chapter 580 was enacted as an emergency measure effective March 29, 1996.