

HOUSE BILL 379

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CF 3lr1331

By: **Delegate Griffith (Chair, Joint Committee on Pensions)**

Introduced and read first time: January 25, 2013

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System – Administrative and Operational**
3 **Expenses – Payments and Deductions**

4 FOR the purpose of repealing the requirement to reduce certain amounts the Governor
5 is required to include in the budget bill for payment to the State Retirement and
6 Pension System by the amount of administrative and operational expenses for
7 the Board of Trustees for the State Retirement and Pension System and the
8 State Retirement Agency paid by certain local employers; repealing the
9 authorization for certain local employers to deduct certain amounts from certain
10 required employer contributions; and generally relating to certain payments
11 and deductions for the administrative and operational expenses of the State
12 Retirement and Pension System.

13 BY repealing and reenacting, with amendments,
14 Article – State Personnel and Pensions
15 Section 21–308(a) and 21–316
16 Annotated Code of Maryland
17 (2009 Replacement Volume and 2012 Supplement)

18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
19 MARYLAND, That the Laws of Maryland read as follows:

20 **Article – State Personnel and Pensions**

21 21–308.

22 (a) (1) On or before December 1 of each year, the Board of Trustees shall:

23 (i) certify to the Governor and the Secretary of Budget and
24 Management the rates to be used to determine the amounts to be paid by the State to
25 the accumulation fund of each of the several systems during the next fiscal year,

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 including a separate certification of the normal contribution rate for the Teachers'
2 Retirement System and the Teachers' Pension System; and

3 (ii) provide to the Secretary of Budget and Management a
4 statement of the total amount to be paid by the State as determined under § 21–304 of
5 this subtitle to the Teachers' Retirement System and the Teachers' Pension System
6 expressed as a percentage of the payroll of all members of those State systems.

7 (2) The Governor shall include in the budget bill:

8 (i) the total amount of the State's contribution to each State
9 system as ascertained based on the rates certified by the Board of Trustees under
10 paragraph (1) of this subsection;

11 (ii) the additional amounts as ascertained under subsection (d)
12 of this section for the State's payment to the professional and clerical employees of the
13 Department of Public Libraries of Montgomery County who are members of the
14 Employees' Retirement System of Montgomery County and are excluded from
15 membership in the Teachers' Retirement System or the Teachers' Pension System;
16 and

17 (iii) any additional amount required to be in the budget bill
18 under § 3–501(c)(2)(ii) of this article.

19 (3) [The amounts that the Governor is required to include in the
20 budget bill under paragraph (2) of this subsection shall be reduced by the amount of
21 administrative and operational expenses for the Board of Trustees and the State
22 Retirement Agency that are to be paid by local employers under § 21–316 of this
23 subtitle other than participating governmental units or employers who are required to
24 make contributions under § 21–307 of this subtitle.

25 (4) For fiscal year 2014 and each fiscal year thereafter, in addition to
26 the amounts required under paragraph (2) of this subsection, the Governor shall
27 include in the budget bill \$300,000,000.

28 21–316.

29 (a) (1) In this section the following words have the meanings indicated.

30 (2) "Library" means a library that is established or operates under the
31 Education Article.

32 (3) "Local employer" means a participating employer other than the
33 State.

34 (b) (1) Subject to paragraph (3) of this subsection, for each fiscal year, the
35 State and each local employer shall pay to the Board of Trustees their pro rata shares

1 of the amount necessary for the administrative and operational expenses of the Board
2 of Trustees and the State Retirement Agency.

3 (2) The pro rata share of the State and of each local employer for each
4 fiscal year shall be based on the number of members of the several systems employed
5 by the State or local employer as of June 30 of the second prior fiscal year compared to
6 the total membership of the several systems as of that date.

7 (3) The State shall pay the pro rata share under this section of each
8 library.

9 (c) As part of its annual budget submission for a fiscal year, the Board of
10 Trustees shall certify to the Secretary of Budget and Management the percentage of
11 the total membership of the several systems that is employed by the State, the
12 libraries, and each local employer as of June 30 of the second prior fiscal year.

13 (d) (1) The Governor shall include in the budget bill an appropriation to
14 the expense funds of the State Retirement and Pension System that equals the
15 authorized administrative and operational expenses of the Board of Trustees and the
16 State Retirement Agency for the fiscal year.

17 (2) The amounts payable by the State under this section with respect
18 to members employed by each State unit shall be charged against the budget of that
19 unit.

20 (3) The State shall pay its pro rata share of the amount of
21 administrative and operational expenses authorized in the State budget to the Board
22 of Trustees on July 1 of the applicable fiscal year.

23 (e) (1) On or before February 1 of each year, the Board of Trustees shall:

24 (i) certify to each local employer other than a library the
25 amount payable by the local employer that is equal to the percentage certified under
26 subsection (c) of this section multiplied by the amount of administrative and
27 operational expenses authorized in the State budget for the next fiscal year; and

28 (ii) notify the Secretary of Budget and Management and the
29 Department of Legislative Services of the certifications sent under item (i) of this
30 paragraph.

31 (2) On or before October 1, January 1, April 16, and June 1 of each
32 fiscal year, each local employer shall pay to the Board of Trustees 25% of the amount
33 certified to the local employer by the Board of Trustees under paragraph (1) of this
34 subsection.

1 (3) If a local employer does not pay the amounts required under this
2 section within the time required, the local employer is liable for interest on delinquent
3 amounts at a rate of 4% a year until payment.

4 (4) The Secretary of the Board of Trustees may allow a grace period
5 not to exceed 10 calendar days for payment of the amounts certified under this section.

6 (5) On notification by the Secretary of the Board of Trustees that a
7 delinquency exists, the State Comptroller immediately shall exercise the right of setoff
8 against any money due or coming due to that local employer from the State.

9 [(6) A participating governmental unit or employer required to make
10 employer contributions under § 21-307 of this subtitle may deduct the payments
11 required under this section from payments for employer contributions required under
12 §§ 21-305 through 21-307 of this subtitle.]

13 (f) On receipt of payments under this section, the Board of Trustees shall
14 credit these amounts to the expense fund of the appropriate State system.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
16 July 1, 2013.