

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 1410
Appropriations

(Delegate Beitzel)

Budget and Taxation

Upper Potomac River Commission - Pension Plans

This bill authorizes the trustees or other officers in charge of a pension or retirement system or other specified fund for the Upper Potomac River Commission to invest and reinvest money in their custody or control as provided by rules or procedures established by the commission. It also requires any pension plan controlled by the commission on or after July 1, 2019, to adhere to the principles of the Uniform Management of Public Employee Retirement Systems Act (UMPERSA) that address the investment and management of funds for a public pension system. **The bill takes effect July 1, 2019, and applies only prospectively to the investment of funds made on or after that date.**

Fiscal Summary

State Effect: None. The bill pertains only to the Upper Potomac River Commission.

Local Effect: None. The bill is procedural in nature with respect to the Upper Potomac River Commission.

Small Business Effect: None.

Analysis

Current Law: Chapter 146 of 2005 required any public pension plan established by a local jurisdiction on or after July 1, 2005, to adhere to the principles incorporated in UMPERSA. It also required each local pension plan, and the State Retirement and Pension System (SRPS), to certify to the Joint Committee on Pensions that its plan provisions related to the investment and management of funds were in compliance with UMPERSA.

The trustees or other officers of a pension or retirement system or fund or other postemployment benefits fund of a political subdivision of the State may (1) invest and reinvest money in their custody or control as provided by a law enacted by the governing body of the political subdivision and (2) sell, redeem, or exchange an investment or reinvestment made under their authority. They must also comply with fiduciary standards that at least meet the standards set for SRPS. The bill applies these authorizations and requirements, and other related authority, to the Upper Potomac River Commission.

Background: UMPERSA was promulgated in 1997 by the National Conference of Commissioners in Uniform State Laws to modernize, clarify, and make uniform the laws governing the management of public pension plans. It provides legal rules that permit public employee retirement systems to invest their funds in the most productive and secure manner possible. Specifically, UMPERSA articulates the fiduciary obligations of trustees and others with discretionary authority over various aspects of a retirement system and ensures that trustees have sufficient authority to fulfill their obligations. SRPS is in compliance with UMPERSA's standards.

The Upper Potomac River Commission was established in 1935 and has jurisdiction over the water resources of Allegany County and a portion of Garrett County. To regulate the flow of the Potomac River, the commission supervises the Savage River Dam in Garrett County, which it owns, maintains, and operates with guidance from the U.S. Army Corps of Engineers. Since 1960, the commission has also operated the Westernport Wastewater Treatment Facility. The chair is chosen by the Governor, and one member each is appointed by the Allegany County and Garrett County commissioners. The commission's three members serve six-year terms.

The commission advises that its legal counsel recently advised the commission that Chapter 146 does not apply to the commission because it is not a local jurisdiction as defined under the law. The legal counsel recommended that the commission be required to adhere to the principles of UMPERSA in the management of its pension fund.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Allegany County; Garrett County; Department of Budget and Management; Maryland State Archives; Department of Legislative Services

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Analysis by: Michael C. Rubenstein

Direct Inquiries to:
(410) 946-5510
(301) 970-5510