

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE

Senate Bill 405 (Senator Amoss)  
Budget and Taxation

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**Natural Resources Pension System**

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This pension bill requires the Board of Trustees of the Maryland State Retirement and Pension Systems to transfer the employer contributions, with interest, that are made on behalf of members who transfer to the Natural Resources Pension System from the Employees' Retirement and Pension Systems. The bill is effective July 1, 1996, and applies to all such transfers made on or after July 2, 1990.

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**Fiscal Summary**

**State Effect:** None, as discussed below.

**Local Effect:** None.

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**Fiscal Analysis**

**Background:** The Natural Resources Pension System became effective July 1, 1990. At that time eligible Natural Resources police officers and park rangers who were members of the Employees' Retirement and Pension Systems (ERPS) had the option to transfer to the new system or remain members of ERPS. Employer contributions were not transferred from the ERPS to the NRPS for those members electing to transfer.

**State Expenditures:** The provisions of this bill would not affect the aggregate actuarial liabilities of the State's retirement and pension systems or the annual contributions necessary to fund these liabilities. Only the source of such funding would change. The actuary estimates that the provisions of this bill would require the transfer of \$21.4 million in assets from the ERPS to the NRPS. Further, the transfer of assets would reduce the NRPS employer contribution rate from 35.15% to 25.46% and increase the ERPS employer contribution rate from 8.54% to 8.60%. The payroll for members of the ERPS is estimated at

\$1.85 billion and the payroll for members of NRPS is estimated at \$11.4 million.

Based on these estimates, retirement contributions to the Department of Natural Resources (DNR) would decrease by approximately \$1.1 million annually. The reduction in the retirement expenditures of DNR would be offset by an equivalent increase in the retirement expenditures of all other State agencies.

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**Information Source(s):** Maryland State Retirement Agency; Department of Fiscal Services; Milliman and Robertson, Inc.

**Fiscal Note History:** First Reader - February 14, 1996

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