

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE

House Bill 530 (Delegate Proctor, *et al.*)  
Appropriations

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State Police Retirement System - Benefits

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This pension bill enhances retirement benefits for members of the State Police Retirement System by increasing the benefit formula from 1/45 (2.2%) to 1/38 (2.6%) per year of service for the member's first 25 years of service. The bill is effective July 1, 1997.

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Fiscal Summary

**State Effect:** General fund expenditures for employer retirement contributions would increase by \$4.8 million beginning in FY 1999. Future year expenditures reflect 5% growth consistent with actuarial assumptions. Revenues would not be affected.

| (\$ in millions) | FY 1998 | FY 1999 | FY 2000 | FY 2001 | FY 2002 |
|------------------|---------|---------|---------|---------|---------|
| GF Revenues      | \$0     | \$0     | \$0     | \$0     | \$0     |
| GF Expenditures  | 0       | \$4.8   | \$5.0   | \$5.3   | \$5.6   |
| Net Effect       | \$0     | (\$4.8) | (\$5.0) | (\$5.3) | (\$5.6) |

Note: ( ) - decrease; GF - general funds; FF - federal funds; SF - special funds

**Local Effect:** None.

**Small Business Effect:** This bill would not directly affect small businesses.

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Fiscal Analysis

**State Expenditures:** There were 1,544 active members of the State Police Retirement System on June 30, 1996, with a total annual payroll of \$60.8 million. While this bill has not been forwarded to the State's actuary for a detailed actuarial analysis, based on existing analyses conducted by the actuary for the State Police Retirement System, the actuary was able to offer an informal estimate. The actuary advises that the bill would increase total actuarial liabilities by \$90.2 million, amortized over 21 years until the year 2020. The first-

year amortization payment, beginning in fiscal 1999, would be \$4.8 million, increasing 5% per year thereafter. As a percentage of payroll, the employer contribution rate would increase from 13.08% (fiscal 1998) to 20.61%.

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

**Fiscal Note History:** First Reader - February 5, 1997  
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