
By: **Delegate Proctor (Chairman, Joint Committee on Pensions)**

Introduced and read first time: February 3, 2000

Assigned to: Appropriations

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 21, 2000

CHAPTER _____

1 AN ACT concerning

2 **State Retirement and Pension System - Administrative Expense Cap**

3 FOR the purpose of altering the base upon which the limit on the amount of the
4 administrative and operational expenses of the Board of Trustees of the State
5 Retirement and Pension System and the State Retirement Agency is calculated;
6 providing for the termination of this Act; and generally relating to the
7 operations and expenses of the Board of Trustees of the State Retirement and
8 Pension System and the State Retirement Agency.

9 BY repealing and reenacting, with amendments,
10 Article - State Personnel and Pensions
11 Section 21-315
12 Annotated Code of Maryland
13 (1997 Replacement Volume and 1999 Supplement)

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

16 **Article - State Personnel and Pensions**

17 21-315.

18 (a) The Board of Trustees shall credit to the expense fund of each State system
19 its pro rata share of:

20 (1) the amount provided in the annual State budget to pay the
21 administrative and operational expenses of the Board of Trustees and the State
22 Retirement Agency;

1 (2) the amounts authorized by the Board of Trustees under this section
2 for investment management services; and

3 (3) the amount authorized by the Board of Trustees to implement a
4 closing agreement with the Internal Revenue Service regarding former members of
5 the Employees' Retirement System or the Teachers' Retirement System who elected to
6 become members of or participate in those State systems under former Article 73B, §§
7 2-206 and 3-206 of the Code.

8 (b) The Board of Trustees shall pay from the expense fund of each State
9 system its pro rata share of:

10 (1) the administrative and operational expenses of the Board of Trustees
11 and the State Retirement Agency, in accordance with the annual State budget;

12 (2) the amounts as authorized by the Board of Trustees necessary for
13 investment management services; and

14 (3) the amounts as authorized by the Board of Trustees necessary to
15 implement a closing agreement with the Internal Revenue Service regarding former
16 members of the Employees' Retirement System or the Teachers' Retirement System
17 who elected to become members of or participate in those State systems under former
18 Article 73B, §§ 2-206 and 3-206 of the Code.

19 (c)(1) [Each] SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, EACH year the
20 Board of Trustees shall estimate the amount[, not exceeding 0.22% of the payroll of
21 members,] necessary for the administrative and operational expenses of the Board of
22 Trustees and the State Retirement Agency.

23 (2) THE AMOUNT OF THE ADMINISTRATIVE AND OPERATIONAL
24 EXPENSES OF THE BOARD OF TRUSTEES AND THE STATE RETIREMENT AGENCY MAY
25 NOT EXCEED 0.22% OF THE SUM OF:

26 (I) THE PAYROLL OF THE MEMBERS OF THE STATE SYSTEMS;

27 (II) THE ALLOWANCES OF THE RETIREES AND SURVIVING
28 BENEFICIARIES OF DECEASED MEMBERS, FORMER MEMBERS, OR RETIREES OF THE
29 STATE SYSTEMS; AND

30 (III) THE AGGREGATED EARNABLE COMPENSATION OF THE
31 FORMER MEMBERS OF THE STATE SYSTEMS AS OF THEIR DATE OF SEPARATION
32 FROM EMPLOYMENT.

33 (d) Each quarter of the fiscal year the Board of Trustees shall estimate:

34 (1) one-fourth of an amount, not exceeding 1.2% of the market value as
35 of the last day of the preceding quarter of assets externally invested in real estate,
36 necessary for external real estate investment management services; and

1 (2) one-fourth of an amount, not exceeding 0.3% of the market value as
2 of the last day of the preceding quarter of invested assets that are externally managed
3 exclusive of assets invested in real estate, necessary to procure and retain investment
4 management services other than external real estate investment management
5 services.

6 (e) The amounts estimated under subsections (c) and (d) of this section shall
7 be paid into the expense funds of the several systems during the ensuing year on a pro
8 rata basis according to the total assets held by each system.

9 (f) The Board of Trustees may combine the expense funds of the several
10 systems for budgetary and administrative efficiency.

11 (g) On or before December 31 of each year, the Board of Trustees shall report
12 to the General Assembly the actual amount spent for investment management
13 services during the preceding fiscal year.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
15 July 1, 2000. It shall remain effective for a period of 3 years and, at the end of June
16 30, 2003, with no further action required by the General Assembly, this Act shall be
17 abrogated and of no further force and effect.