

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

House Bill 1289
Appropriations

(Cecil County Delegation)

Budget and Taxation

Cecil County - Retirement and Pensions

This pension bill authorizes the County Commissioners of Cecil County to establish and maintain an independent retirement system for officers and employees of Cecil County.

The bill takes effect July 1, 2002.

Fiscal Summary

State Effect: None. The bill does not directly affect State operations or expenditures.

Local Effect: Pension expenditures by Cecil County would change depending on the level of pension benefits, and other provisions, offered by the new plan compared to those offered by the Employees' Pension System of the State Retirement and Pension System (SRPS) for the affected employees. Other local governments participating in the "municipal pool" of the SRPS would not be affected.

Small Business Effect: None.

Analysis

Current Law: All employees of Cecil County currently participate in the Employees' Pension System (or Employees' Retirement System) of the SRPS.

Local Expenditures: The county currently contributes approximately 5% of pay to the SRPS on behalf of its employees in the employees' systems. Upon enactment of the bill and the filing of a withdrawal application with the SRPS for some or all of its employees, the county would receive its proportional share of the assets of the "municipal pool" of

the SRPS. The State's pension actuary would calculate this share; the cost of these actuarial services would be billed to the county.

The impact on Cecil County from operating an independent pension plan would depend on the benefit structure and other provisions of that plan and the types of employees (e.g., law enforcement or all) that are included in the plan. These factors are not specified in this legislation, although the county advises that it intends to create a plan for its sworn law enforcement officers and EMS personnel. The county advises that the additional pension costs would be \$605,293 beginning in fiscal 2003, increasing approximately 4% per year thereafter. Legislative Services cannot independently verify this estimate. In addition, the county would incur expenses associated with administering the plan and overseeing its investments. The amount of such expenditures cannot be reliably estimated at this time.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Cecil County, State Retirement Agency, Milliman USA, Department of Legislative Services

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lsc/jr

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