

**Department of Legislative Services**  
Maryland General Assembly  
2005 Session

**FISCAL AND POLICY NOTE**

House Bill 1019 (Delegate Sossi, *et al.*)  
Appropriations

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**Law Enforcement Officers' Pension System - Membership - Local Detention  
Center Officers**

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This bill allows a participating governmental unit of the State Retirement and Pension System to enroll its local detention center officers in the Law Enforcement Officers' Pension System (LEOPS).

The bill is effective July 1, 2005.

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**Fiscal Summary**

**State Effect:** The bill does not affect State pension liabilities or contribution rates, as the local jurisdictions bear the entire municipal cost of LEOPS.

**Local Effect:** Potential increase in employer pension contributions for local jurisdictions that enroll new employees in LEOPS.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** Counties and municipal corporations may elect to enroll in LEOPS paid firefighters, paramedics, and any individuals who are certified by the Maryland Police Training Commission as a law enforcement officer. Should the municipality choose to enroll other employees in a State pension system, these employees (*e.g.*, local detention center officers) may be enrolled in the Employees' Pension System (EPS).

**Background:** There are currently eight municipalities with police or firefighters enrolled in LEOPS. While these individuals receive the same benefits as State LEOPS members, a separate actuarial valuation is performed to determine contribution rates independent from the State LEOPS rate. Participating governmental units (PGUs) bear the full cost of their employees, based on these separately determined actuarial rates. The local fire and police pension system was closed to new enrollment on January 1, 2005, and only two PGUs remain enrolled.

**State Fiscal Effect:** The State does not bear any municipal cost of LEOPS. Therefore, any additional municipal enrollment to this system will not affect State pension liabilities or contribution rates.

**Local Fiscal Effect:** The bill is enabling legislation in that it allows local jurisdictions to enroll detention center officers in LEOPS. It does not mandate that these employees be included in LEOPS, and it is not known which jurisdictions would elect to enroll these employees. For existing PGUs, local detention center officers would receive a better benefit under LEOPS than under EPS. However, the employer contribution rates would increase substantially from EPS to LEOPS. Fiscal 2005 PGU employer base contribution rates were 7.3% for EPS and 32.1% for LEOPS. Each county then pays a premium based on its member population. Therefore, it is unknown which PGUs would transfer individuals from EPS to LEOPS. Additionally, it is unknown how many new municipalities would choose to enroll local detention center officers after the bill takes effect.

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### **Additional Information**

**Prior Introductions:** HB 54 of 2004 was unreported favorably reported by the Appropriations Committee.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 4, 2005  
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