

BY: Delegate Conway

AMENDMENTS TO HOUSE BILL NO. 1737, AS AMENDED
(First Reading File Bill)

AMENDMENT NO. 1

On page 1 of the bill, in line 10, after “benefit;” insert “authorizing certain governmental units that participate in the Employees’ Pension System to elect to participate in the modified contributory pension benefits under this Act; providing that the election by a participating governmental unit to participate is irrevocable; providing for a certain purchase of service credit by certain employees of participating governmental units that elect to participate in the modified contributory pension benefit under this Act; requiring the Joint Committee on Pensions to commission a certain experience study by an actuarial consulting firm on or before a certain date and periodically thereafter; requiring that the findings of the actuarial consulting firm be submitted to the Joint Commission on Pensions on or before a certain date of certain years; requiring the State actuary to prepare a certain evaluation on or before a certain date;”; in lines 14 and 15, strike “State employees and teachers” and substitute “certain members of the Employees’ Pension System and Teachers’ Pension System”; in line 23, after “Section” insert “21-125.1;”; and in line 24, after “Benefit” insert “; 23-307.5, and 31-116.1”.

On page 1 of the Appropriations Committee Amendments (HB1737/374365/1), in line 15 of Amendment No. 1, strike “and 23-407(c)” and substitute “23-407(c) and 31-112”.

AMENDMENT NO. 2

On page 1 of the Appropriations Committee Amendments, in line 3 of Amendment No. 2, after “SYSTEM” insert “THAT HAS NOT ELECTED TO PARTICIPATE IN THE MODIFIED CONTRIBUTORY PENSION BENEFIT UNDER § 31-116.1 OF THIS ARTICLE”.

On page 10 of the Appropriations Committee Amendments, after line 16 of Amendment No. 3, insert:

“23-307.5.”

(Over)

(A) THIS SECTION APPLIES ONLY TO A FORMER MEMBER, MEMBER, RETIREE, OR SURVIVING BENEFICIARY OF THE EMPLOYEES' PENSION SYSTEM WHO, WHILE A MEMBER, WAS AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT THAT ELECTED THE MODIFIED CONTRIBUTORY PENSION BENEFIT FOR ITS EMPLOYEES UNDER § 31-116.1 OF THIS ARTICLE.

(B) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, A MEMBER WHO IS SUBJECT TO THE MODIFIED CONTRIBUTORY PENSION BENEFIT UNDER SUBTITLE 2, PART III OF THIS TITLE MAY PURCHASE CREDIT FOR ELIGIBILITY SERVICE FOR THE PERIOD OF EMPLOYMENT FROM JULY 1, 2006, THROUGH THE EFFECTIVE DATE OF ELECTION OF THE MEMBER'S PARTICIPATING EMPLOYER, BY PAYING TO THE BOARD OF TRUSTEES:

(1) ON OR BEFORE JUNE 30, 2007, THE AMOUNT THE MEMBER WOULD HAVE BEEN REQUIRED TO CONTRIBUTE FOR THAT PERIOD OF EMPLOYMENT; OR

(2) ON OR AFTER JULY 1, 2007, THE AMOUNT THE MEMBER WOULD HAVE BEEN REQUIRED TO CONTRIBUTE FOR THAT PERIOD OF EMPLOYMENT PLUS REGULAR INTEREST COMPOUNDED ANNUALLY.

(C) IF THE MEMBER FAILS TO MAKE THE PAYMENT AS PROVIDED UNDER SUBSECTION (B) OF THIS SECTION, THE BOARD OF TRUSTEES SHALL REDUCE ACTUARIALLY THE ALLOWANCE PAYABLE TO A FORMER MEMBER, RETIREE, OR SURVIVING BENEFICIARY OF A DECEASED MEMBER, FORMER MEMBER, OR RETIREE.”

On page 2 of the bill, before line 22, insert:

“31-116.1.

(A) ON OR BEFORE DECEMBER 31, 2006, A PARTICIPATING GOVERNMENTAL UNIT MAY ELECT TO PROVIDE ITS EMPLOYEES WITH THE MODIFIED CONTRIBUTORY PENSION BENEFIT UNDER TITLE 23, SUBTITLE 2, PART III OF THIS ARTICLE AS ENACTED BY CHAPTER ____ (H.B. 1737), § 3 OF THE ACTS OF THE GENERAL ASSEMBLY OF 2006 BY SUBMITTING ITS ELECTION ON A FORM PROVIDED BY THE STATE RETIREMENT AGENCY.

(B) AN ELECTION BY A PARTICIPATING GOVERNMENTAL UNIT UNDER THIS SECTION IS IRREVOCABLE.”.

AMENDMENT NO. 3

On page 3 of the bill, in line 20, after “SYSTEM” insert “THAT HAS NOT ELECTED TO PARTICIPATE IN THE MODIFIED CONTRIBUTORY PENSION BENEFIT UNDER § 31-116.1 OF THIS ARTICLE”.

On page 6 of the bill, after line 6, insert:

“31-112.

(a) Subject to subsection (b) of this section, an employee of a participating governmental unit who is a member of one of the employees’ systems is entitled to the benefits to which State employees are entitled under that system.

(b) (1) An employee of a participating governmental unit that has elected to participate in:

(I) the contributory pension benefit option under § 31-116 of this subtitle shall be subject to Title 23, Subtitle 2, Part II of this article; OR

(II) THE MODIFIED CONTRIBUTORY BENEFIT OPTION UNDER § 31-116.1 OF THIS SUBTITLE SHALL BE SUBJECT TO TITLE 23, SUBTITLE 2, PART II OF THIS ARTICLE.

(2) An employee of a participating governmental unit that has not elected to participate in:

(I) the contributory pension benefit option under § 31-116 of this subtitle is not subject to Title 23, Subtitle 2, Part II of this article; OR

(II) THE MODIFIED CONTRIBUTORY BENEFIT OPTION UNDER § 31-116.1 OF THIS SUBTITLE IS NOT SUBJECT TO TITLE 23, SUBTITLE 2, PART II OF THIS

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ARTICLE.

31-116.1.

(C) (1) IF A PARTICIPATING GOVERNMENTAL UNIT ELECTS TO PROVIDE ITS EMPLOYEES WITH THE MODIFIED CONTRIBUTORY PENSION BENEFIT UNDER TITLE 23, SUBTITLE 2, PART III OF THIS ARTICLE, AN EMPLOYEE OF THE PARTICIPATING GOVERNMENTAL UNIT WHO IS A MEMBER OF THE EMPLOYEES' PENSION SYSTEM SHALL BE ENTITLED TO THE BENEFITS AS PROVIDED IN § 23-222 OF THIS ARTICLE, EFFECTIVE ON THE LATER OF JULY 1, 2007, OR THE DATE THE EMPLOYEE BECAME A MEMBER OF THE EMPLOYEES' PENSION SYSTEM, UNLESS THE EMPLOYEE TRANSFERRED TO THE EMPLOYEES' PENSION SYSTEM FROM THE EMPLOYEES' RETIREMENT SYSTEM OR TEACHERS' RETIREMENT SYSTEM AFTER APRIL 1, 1998.

(2) IF AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT TRANSFERRED TO THE EMPLOYEES' PENSION SYSTEM FROM THE EMPLOYEES' RETIREMENT SYSTEM OR TEACHERS' RETIREMENT SYSTEM AFTER APRIL 1, 1998, THE EMPLOYEE IS NOT SUBJECT TO TITLE 23, SUBTITLE 2, PART III OF THIS ARTICLE AND IS NOT ENTITLED TO THE BENEFITS AS PROVIDED IN § 23-222 OF THIS ARTICLE.

SECTION 4. AND BE IT FURTHER ENACTED, That, on or before August 1, 2006, the State Actuary shall prepare an evaluation of the Employees' Pension System to reflect the actuarial cost of the modified contributory pension benefit enacted under this Act to the participating governmental units that are participating in the Employees' Pension System on or before July 1, 2006."

On page 19 of the Appropriations Committee Amendments, in line 1 of Amendment No. 6, strike "4." and substitute "5."; in line 2, strike "5." and substitute "6."; in the same line, strike "6." and substitute "7."; and in line 5, strike "Section 5" and substitute "Section 6".

AMENDMENT NO. 4

On page 2 of the bill, after line 24, insert:
"21-125.1.

(A) BEGINNING ON OR BEFORE SEPTEMBER 1, 2008, AND EVERY 5 YEARS THEREAFTER, THE JOINT COMMITTEE ON PENSIONS SHALL COMMISSION AN ACTUARIAL CONSULTING FIRM TO CONDUCT AN EXPERIENCE STUDY OF THE SEVERAL SYSTEMS IN ADDITION TO THE ACTUARIAL INVESTIGATION AND VALUATION PERFORMED BY THE ACTUARY UNDER § 21-125 OF THIS SUBTITLE AND A COMPARISON OF THE SEVERAL SYSTEMS WITH OTHER SIMILARLY SITUATED PUBLIC PENSION PLANS.

(B) THE ACTUARIAL CONSULTING FIRM SHALL CONSIDER THE FOLLOWING ISSUES WITH REGARD TO THE SEVERAL SYSTEMS AND OTHER SIMILARLY SITUATED PUBLIC PENSION PLANS:

(1) THE FUNDING STATUS OF THE STATE RETIREMENT AND PENSION SYSTEM, INCLUDING ITS CURRENT UNFUNDED ACCRUED LIABILITY;

(2) THE COMPOSITION OF THE SEVERAL SYSTEMS, INCLUDING:

(I) THE NUMBER OF ACTIVE MEMBERS, RETIREES, DISABILITY RETIREES, AND BENEFICIARIES OF ALL RETIREES;

(II) THE AVERAGE ANNUAL SALARIES OF THE ACTIVE MEMBERS IN THE VARIOUS PLANS IN THE STATE RETIREMENT AND PENSION SYSTEM;

(III) THE AVERAGE ANNUAL BENEFITS OF THE RETIREES AND BENEFICIARIES OF THE STATE RETIREMENT AND PENSION SYSTEM; AND

(IV) THE AVERAGE AGE AND YEARS OF SERVICE OF ACTIVE MEMBERS RETIRING FROM THE VARIOUS PLANS IN THE STATE RETIREMENT AND PENSION SYSTEM; AND

(3) THE BENEFIT LEVELS PROVIDED BY THE VARIOUS STATE SYSTEMS, INCLUDING A COMPARISON OF MEMBER CONTRIBUTION RATES AND THE

(Over)

ACCRUAL RATES.

(C) THE FINDINGS OF THE ACTUARIAL CONSULTING FIRM SHALL BE SUBMITTED TO THE JOINT COMMITTEE ON PENSIONS ON OR BEFORE DECEMBER 31, OF THE YEAR OF STUDY, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE.”.