

BY: Budget and Taxation Committee

AMENDMENTS TO HOUSE BILL NO. 1737
(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, strike in its entirety line 2 and substitute:

“Employees’ and Teachers’ Pension Systems - Pension Benefit Enhancement”.

On pages 1 and 2, strike beginning with “altering” in line 5 on page 1 down through “System” in line 21 on page 2 and substitute “providing for an alternate contributory pension selection for certain members of the Employees’ Pension System and the Teachers’ Pension System; providing for the member contribution rate and benefits for certain members of the Employees’ Pension System and the Teachers’ Pension System under a certain alternate contributory pension selection option; stating the intent of the General Assembly to allow participating governmental units to elect to participate in a certain alternate contribution pension selection; requiring the State Retirement Agency to study and address issues related to allowing participating governmental units to elect to participate in a certain alternate contributory pension selection and to submit draft legislation to the Joint Committee on Pensions by a certain date; and generally relating to enhancements and modifications to pension and retirement benefits for State employees and teachers”.

On page 2, strike in their entirety lines 22 through 38, inclusive, and substitute:

“BY repealing and reenacting, with amendments,

Article - State Personnel and Pensions

Section 23-212, 23-217, and 23-401

Annotated Code of Maryland

(2004 Replacement Volume and 2005 Supplement)

BY adding to

(Over)

Article - State Personnel and Pensions

Section 23-221 and 23-222 to be under the new part “Part III. Alternate Contributory Pension Selection”

Annotated Code of Maryland

(2004 Replacement Volume and 2005 Supplement)”.

AMENDMENT NO. 2

On pages 3 and 4, strike in their entirety the lines beginning with line 2 on page 3 through line 33 on page 4, inclusive, and substitute:

“23-212.

(a) Except as [provided in subsection (b) of] OTHERWISE PROVIDED IN this section, a member’s contribution rate is 5% of the part of the member’s earnable compensation that exceeds the taxable wage base for each year.

(b) The contribution rate of a member who is subject to the contributory pension benefit under Part II of this subtitle is 2% of the member’s earnable compensation.

(C) THE CONTRIBUTION RATE OF A MEMBER OF THE EMPLOYEES’ PENSION SYSTEM OR THE TEACHERS’ PENSION SYSTEM WHO IS SUBJECT TO THE ALTERNATE CONTRIBUTORY PENSION SELECTION UNDER PART III OF THIS SUBTITLE IS:

(1) 3% OF THE MEMBER’S EARNABLE COMPENSATION RECEIVED ON OR BEFORE JUNE 30, 2007;

(2) 4% OF THE MEMBER’S EARNABLE COMPENSATION RECEIVED FROM JULY 1, 2007, TO JUNE 30, 2008, BOTH INCLUSIVE; AND

(3) 5% OF THE MEMBER’S EARNABLE COMPENSATION RECEIVED ON OR AFTER JULY 1, 2008.”

AMENDMENT NO. 3

On pages 4 through 10, strike in their entirety the lines beginning with line 34 on page 4 through line 14 on page 10, inclusive.

AMENDMENT NO. 4

On page 10, strike in their entirety lines 15 through 35, inclusive, and substitute:

“23-217.

(a) Except as provided in subsection (b) of this section, this Part II of this subtitle applies to an individual who is:

(1) a member of the Employees’ Pension System or the Teachers’ Pension System; or

(2) a member of the Employees’ Retirement System or the Teachers’ Retirement System subject to Selection C (Combination Formula) as provided in § 22-221 of this article.

(b) This Part II of this subtitle does not apply to an individual who is:

(1) an employee of:

(i) a participating governmental unit that has not elected the contributory pension benefit for its employees under § 31-116 of this article; or

(ii) a former participating governmental unit, other than Frederick County, that has withdrawn; [or]

(2) a member of the Employees’ Pension System or Teachers’ Pension System who transferred from the Employees’ Retirement System or Teachers’ Retirement System after April 1, 1998; OR

(3) A MEMBER OF THE EMPLOYEES’ PENSION SYSTEM OR TEACHERS’ PENSION SYSTEM WHO IS SUBJECT TO THE ALTERNATE CONTRIBUTORY PENSION SELECTION UNDER PART III OF THIS SUBTITLE.

23-219. RESERVED.

23-220. RESERVED.

(Over)

PART III. ALTERNATE CONTRIBUTORY PENSION SELECTION.

23-221.

(A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, THIS PART APPLIES TO AN INDIVIDUAL WHO IS A MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR TEACHERS' PENSION SYSTEM ON OR AFTER JULY 1, 2006.

(B) THIS PART III DOES NOT APPLY TO AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT PARTICIPATING IN THE EMPLOYEES' PENSION SYSTEM OR A FORMER PARTICIPATING GOVERNMENTAL UNIT THAT HAS WITHDRAWN FROM THE EMPLOYEES' PENSION SYSTEM.

23-222.

A MEMBER WHO IS SUBJECT TO THIS PART SHALL:

(1) RECEIVE AN ALLOWANCE FOR ALL CREDITABLE SERVICE AS FOLLOWS:

(I) FOR NORMAL SERVICE RETIREMENT AS PROVIDED IN § 23-401(D) OF THIS TITLE;

(II) FOR EARLY SERVICE RETIREMENT AS PROVIDED IN § 23-402 OF THIS TITLE;

(III) FOR ORDINARY DISABILITY RETIREMENT AS PROVIDED IN § 29-108 OF THIS ARTICLE; AND

(IV) FOR ACCIDENTAL DISABILITY RETIREMENT AS PROVIDED IN § 29-110 OF THIS ARTICLE;

(2) HAVE THE ALLOWANCE ADJUSTED AS PROVIDED IN TITLE 29, SUBTITLE 4 OF THIS ARTICLE; AND

(3) MAKE THE MEMBER CONTRIBUTIONS AT THE RATE SPECIFIED IN § 23-212(C) OF THIS SUBTITLE.

23-401.

(a) A member may retire with a normal service retirement allowance if:

(1) the member completes and submits a written application to the Board of Trustees stating the date when the member desires to retire; and

(2) on or before the date of retirement, the member:

(i) has at least 30 years of eligibility service;

(ii) has a combined total of at least 30 years of eligibility service from the Employees' Pension System, the Teachers' Pension System, the Employees' Retirement System, or the Teachers' Retirement System; or

(iii) has attained the age and the years of eligibility service as follows:

<u>Age</u>		<u>Years of Eligibility Service</u>
<u>62</u>	<u>with</u>	<u>5</u>
<u>63</u>	<u>with</u>	<u>4</u>
<u>64</u>	<u>with</u>	<u>3</u>
<u>65</u>	<u>or more with</u>	<u>2</u>

(b) Except as provided in [subsections (c) and (d)] SUBSECTIONS (C), (D), AND (E) of this section, on retirement under this section, a member is entitled to receive a normal service retirement allowance that equals the number of years of the member's creditable service multiplied by:

(1) 0.8% of the member's average final compensation that is not in excess of the Social Security integration level; and

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(2) 1.5% of the member's average final compensation that exceeds the Social Security integration level.

(c) Except as provided in [subsection (d)] SUBSECTION (E) of this section, on retirement under this section, a member who is subject to the contributory pension benefit under Subtitle 2, Part II of this title is entitled to receive a normal service retirement allowance that equals the sum of:

(1) the number of years of the member's creditable service on or after July 1, 1998 multiplied by 1.4% of the member's average final compensation; and

(2) the greater of:

(i) the number of years of the member's creditable service on or before June 30, 1998 multiplied by 1.2% of the member's average final compensation; or

(ii) the number of years of the member's creditable service on or before June 30, 1998 multiplied by:

1. 0.8% of the member's average final compensation that is not in excess of the Social Security integration level; and

2. 1.5% of the member's average final compensation that exceeds the Social Security integration level.

(d) A MEMBER WHO IS SUBJECT TO THE ALTERNATE CONTRIBUTORY PENSION SELECTION UNDER SUBTITLE 2, PART III OF THIS TITLE IS ENTITLED TO RECEIVE A NORMAL SERVICE RETIREMENT ALLOWANCE THAT EQUALS THE SUM OF:

(1) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE SERVICE ON OR BEFORE JUNE 30, 1998 MULTIPLIED BY 1.2% OF THE MEMBER'S AVERAGE FINAL COMPENSATION; AND

(2) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE SERVICE ON OR AFTER JULY 1, 1998 MULTIPLIED BY 1.8% OF THE MEMBER'S AVERAGE FINAL COMPENSATION.

(E) (1) This subsection applies only to a member who has a combined total of 30 years of eligibility service as provided in subsection (a)(2)(ii) of this section.

(2) A member is entitled to receive a normal service retirement allowance that equals:

(i) an allowance based on the creditable service the member earned in the Employees' Pension System;

(ii) an allowance based on the creditable service the member earned in the Employees' Retirement System;

(iii) an allowance based on the creditable service the member earned in the Teachers' Pension System; plus

(iv) an allowance based on the creditable service the member earned in the Teachers' Retirement System."

AMENDMENT NO. 5

On pages 11 through 16, strike in their entirety the lines beginning with line 1 on page 11 through line 11 on page 16, inclusive.

AMENDMENT NO. 6

On pages 16 through 22, strike in their entirety the lines beginning with line 12 on page 16 through line 16 on page 22, inclusive, and substitute:

"SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly that participating governmental units in the Employees' Pension System be allowed to elect to participate in the Alternate Contributory Pension Selection established under this Act and

(Over)

that the State Retirement Agency shall:

(a) study and address the issues relating to allowing participating governmental units in the Employees' Pension System to elect to participate in the Alternate Contributory Pension Selection established under this Act; and

(b) prepare draft legislation to be submitted to the Joint Committee on Pensions on or before December 1, 2006, that would allow participating governmental units in the Employees' Pension System to elect to participate in the Alternate Contributory Pension Selection established under this Act in a manner that is retroactive to the effective date of this Act.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2006."