

SENATE BILL 317

K4

EMERGENCY BILL

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CF HB 775

By: **Senators McFadden, Kasemeyer, Astle, Conway, Currie, DeGrange, Dyson, Exum, Forehand, Frosh, Garagiola, Harrington, Jones, Kelley, King, Klausmeier, Kramer, Lenett, Madaleno, Middleton, Miller, Munson, Peters, Pinsky, Pugh, Raskin, Robey, and Stone**

Introduced and read first time: January 27, 2010

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted with floor amendments

Read second time: March 26, 2010

CHAPTER _____

1 AN ACT concerning

2 **State Retirement and Pension System – Retirees and Beneficiaries of**
3 **Retirees – Annual Retirement Allowance Adjustments**

4 FOR the purpose of providing that certain annual retirement allowance adjustments
5 shall be a certain amount under certain circumstances; requiring the Board of
6 Trustees for the State Retirement and Pension System to conduct a certain
7 study regarding the effects of a certain Consumer Price Index on other public
8 state pension plans; requiring the Board of Trustees to submit a report to the
9 Senate Budget and Taxation Committee, the House Appropriations Committee,
10 and the Joint Committee on Pensions by a certain date; defining certain terms;
11 making this Act an emergency measure; providing for the termination of this
12 Act; and generally relating to annual retirement allowance adjustments for
13 retirees of the several systems of the State Retirement and Pension System.

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
15 MARYLAND, That, notwithstanding any other provision of law:

16 (a) (1) In this section the following words have the meanings indicated.

17 (2) “Adjustment” means the dollar amount by which either the current
18 allowance or initial allowance of an individual is adjusted on July 1 of each year under
19 § 24–401(e) and Title 29, Subtitle 4 of the State Personnel and Pensions Article.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (3) "Current allowance" means the retirement allowance that an
2 individual is receiving on June 30, 2010.

3 (4) "Individual" means a former member, retiree, or surviving
4 beneficiary of a deceased member, former member or retiree of the several systems of
5 the State Retirement and Pension System.

6 (5) "Initial allowance" means:

7 (i) the retirement allowance computed at the time of a
8 retirement of a former member or retiree of the several systems of the State
9 Retirement and Pension System, including any modifications to the retirement
10 allowance to reflect a retiree's election to receive an optional form of allowance as
11 provided under § 21-403 of the State Personnel and Pensions Article; or

12 (ii) the retirement allowance for a surviving beneficiary of a
13 deceased member, former member, or retiree of the several systems of the State
14 Retirement and Pension System computed at the time of death of the member, former
15 member, or retiree.

16 (b) (1) This subsection applies to any individual who is subject to an
17 annual retirement allowance adjustment under § 24-401(e) of the State Personnel and
18 Pensions Article.

19 (2) If the fraction described under § 24-401(e)(2) of the State
20 Personnel and Pensions Article that is used in the calculation to adjust an individual's
21 current allowance on July 1, 2010, is less than one, the adjustment to the current
22 allowance shall equal \$0.00 on July 1, 2010.

23 (c) (1) This subsection applies to any individual who is subject to an
24 annual retirement allowance adjustment under Title 29, Subtitle 4, Part II of the
25 State Personnel and Pensions Article.

26 (2) If the fraction calculated under § 29-406 of the State Personnel
27 and Pensions Article that is used in the calculation to adjust an individual's initial
28 allowance on July 1, 2010, is determined to be a negative fraction, the adjustment
29 under § 29-406 of the State Personnel and Pensions Article to the current allowance
30 shall equal \$0.00 on July 1, 2010.

31 (d) (1) This subsection applies to any individual who is subject to an
32 annual retirement allowance adjustment under Title 29, Subtitle 4, Part III of the
33 State Personnel and Pensions Article.

34 (2) If the fraction calculated under § 29-412 of the State Personnel
35 and Pensions Article that is used in the calculation to adjust an individual's initial
36 allowance on July 1, 2010, is less than 1, the adjustment under § 29-412 of the State

1 Personnel and Pensions Article to the current allowance shall equal \$0.00 on July 1,
2 2010.

3 ~~(e)~~ (e) (1) This subsection applies to any individual who is subject to an
4 annual retirement allowance adjustment under Title 29, Subtitle 4, Part IV of the
5 State Personnel and Pensions Article.

6 (2) If the fraction used to determine the rate under § 29–418 of the
7 State Personnel and Pensions Article that is used in the calculation to adjust an
8 individual's current allowance on July 1, 2010, is less than one, the adjustment to the
9 current allowance shall equal \$0.00 on July 1, 2010.

10 ~~(e)~~ (f) (1) This subsection applies to any individual who is subject to an
11 annual retirement allowance adjustment under Title 29, Subtitle 4, Part V of the State
12 Personnel and Pensions Article.

13 (2) (i) If the fraction calculated under § 29–422(b)(1) of the State
14 Personnel and Pensions Article that is used to adjust an individual's initial allowance
15 on July 1, 2010, is less than one, the adjustment to the current allowance for
16 creditable service earned prior to the date that the retiree elected Selection C, as
17 defined under § 22–221 of the State Personnel and Pensions Article, shall equal \$0.00
18 on July 1, 2010.

19 (ii) If the fraction used to determine the rate under §
20 29–422(b)(2) of the State Personnel and Pensions Article that is used in the calculation
21 to adjust an individual's current allowance on July 1, 2010, is less than one, the
22 adjustment to the current allowance for creditable service earned on or after the date
23 that the retiree elected Selection C, as defined under § 22–221 of the State Personnel
24 and Pensions Article, shall equal \$0.00 on July 1, 2010.

25 (3) (i) If the fraction used to determine the rate under §
26 29–422(c)(1) of the State Personnel and Pensions Article that is used in the calculation
27 to adjust an individual's current allowance on July 1, 2010, is less than one, the
28 adjustment to the current allowance for creditable service earned prior to the date that
29 the retiree elected Selection C, as defined under § 22–221 of the State Personnel and
30 Pensions Article, shall equal \$0.00 on July 1, 2010.

31 (ii) If the fraction used to determine the rate under §
32 29–422(c)(2) of the State Personnel and Pensions Article that is used in the calculation
33 to adjust an individual's current allowance on July 1, 2010, is less than one, the
34 adjustment to the current allowance for creditable service earned on or after the date
35 that the retiree elected Selection C, as defined under § 22–221 of the State Personnel
36 and Pensions Article, shall equal \$0.00 on July 1, 2010.

37 ~~(g)~~ (g) (1) This subsection applies to any individual who is subject to an
38 annual retirement allowance adjustment under Title 29, Subtitle 4, Part VI of the
39 State Personnel and Pensions Article.

1 (2) If the fraction used to determine the rate under § 29–427 of the
2 State Personnel and Pensions Article that is used in the calculation to adjust an
3 individual’s current allowance on July 1, 2010, is less than one, the adjustment to the
4 current allowance shall equal \$0.00 on July 1, 2010.

5 ~~(g)~~ (h) (1) The Board of Trustees for the State Retirement and Pension
6 System shall study:

7 (i) the effects that the Consumer Price Index (All Urban
8 Consumers – United States City Average – All Items) as of December 31, 2009, as
9 published by the United States Department of Labor Bureau of Labor Statistics, had
10 on the annual retirement allowance adjustments applied to retirees of other public
11 state pension plans; and

12 (ii) the actions other public state pension plans have taken in
13 response to the effects that the Consumer Price Index (All Urban Consumers – United
14 States City Average – All Items) as of December 31, 2009, as published by the United
15 States Department of Labor Bureau of Labor Statistics, has had on the retirees and
16 beneficiaries of deceased retirees of these plans.

17 (2) On or before October 1, 2010, the Board of Trustees shall submit a
18 report in accordance with § 2–1246 of the State Government Article to the Senate
19 Budget and Taxation Committee, the House Appropriations Committee, and the Joint
20 Committee on Pensions that provides:

21 (i) a summary of its findings under paragraph (1) of this
22 subsection; and

23 (ii) recommendations to avoid benefit reductions to retirees of
24 the several systems when the annual Consumer Price Index results in a decrease in
25 annual retirement allowances for retirees and beneficiaries of deceased retirees of the
26 several systems of the State Retirement and Pension System.

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an emergency
28 measure, is necessary for the immediate preservation of the public health or safety,
29 has been passed by a yea and nay vote supported by three–fifths of all the members
30 elected to each of the two Houses of the General Assembly, and shall take effect from
31 the date it is enacted. It shall remain effective through June 30, 2011, and, at the end
32 of June 30, 2011, with no further action required by the General Assembly, this Act
33 shall be abrogated and of no further force and effect.