

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 674

(Senators Edwards and Mathias)

Budget and Taxation

Appropriations

Employees' Pension System - Elected or Appointed Officials - Membership

This bill prohibits specified elected or appointed local officials and Orphans' Court judges from being members of the Employees' Pension System (EPS) while serving in their current positions.

The bill takes effect July 1, 2013.

Fiscal Summary

State Effect: None. The bill only relates to local governments.

Local Effect: No effect on local governments' pension liabilities or contribution rates.

Small Business Effect: None.

Analysis

Bill Summary: The bill applies only to an individual who is not enrolled in EPS before July 1, 2013, for whom member and employer contributions have not been made to EPS, and who:

- on or after July 1, 2011, was serving as an elected or appointed official of a municipality that became a participating governmental unit on or after July 1, 2006, and who remains in the same elected or appointed position on July 1, 2013; or

- was serving as an Orphans' Court judge on or after July 1, 2011, in a county that is not required to provide a pension under current law, and who remains an Orphans' Court judge on July 1, 2013.

Current Law/Background: There are approximately 120 local participating employers within the State Retirement and Pension System (SRPS). Local elected and appointed officials specified in statute who assumed their office on or after July 1, 2004, are members of EPS as a condition of their employment. Membership in EPS is optional for officials who were in office on June 30, 2004, and remain in office, as long as they are eligible to join another State or local plan.

Chapter 487 of 2009 (HB 101) requires employers of local elected and appointed officials who are members of specified plans within SRPS, including EPS, to pay the employer contributions on behalf of those officials. Prior to the enactment of Chapter 487, the State paid the employer contributions on their behalf.

The 11 jurisdictions that are not required to provide pensions to their Orphans' Court judges are Montgomery, Frederick, Carroll, Talbot, Cecil, Queen Anne's, Kent, Baltimore, Garrett, and Harford counties and Baltimore City. Of those, only Talbot, Cecil, Queen Anne's, Kent, and Harford counties are participating employers. An Orphan's Court judge in Worcester County is not eligible for a pension under § 2-108 of the Estates and Trusts Article unless the individual was in office on or before July 1, 1979.

Local Fiscal Effect: SRPS is aware of just three elected and appointed officials or Orphans' Court judges with participating employers who, due to administrative oversights, are not currently members of EPS: two in the City of Frostburg and one in Worcester County. Under the bill, those individuals may not be members of EPS. There is no fiscal effect associated with the three individuals since their employers already are not making pension contributions on their behalf.

Additional Information

Prior Introductions: None.

Cross File: None designated; however, HB 1024 (Delegate McDermott – Appropriations) is identical.

Information Source(s): Kent, Washington, and Worcester counties; Baltimore City; Judiciary (Administrative Office of the Courts); Maryland State Lottery and Gaming Control Agency; Maryland State Retirement Agency; Department of Legislative Services

Fiscal Note History: First Reader - February 19, 2013
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