

Department of Legislative Services
Maryland General Assembly
2014 Session

FISCAL AND POLICY NOTE

House Bill 164 (Delegate Hough, *et al.*)
Rules and Executive Nominations

General Assembly - Limitation of Terms

This proposed constitutional amendment, if approved by the voters at the next general election, would limit members of the State Senate and House of Delegates to three consecutive elective terms.

Fiscal Summary

State Effect: No discernible effect on State pension liabilities or contribution rates. It is assumed that the potential for increased costs to include any constitutional amendments proposed by the General Assembly on the ballot at the next general election will have been anticipated in the State Board of Elections' budget. No effect on revenues.

Local Effect: None. It is assumed that the potential for increased costs to notify voters of any constitutional amendments proposed by the General Assembly, and to include any proposed constitutional amendments on the ballot at the next general election, will have been anticipated in local boards of elections' budgets.

Small Business Effect: None.

Analysis

Current Law: Members of the State Senate and the House of Delegates serve four-year terms. There are no limits on the number of consecutive or total terms they can serve.

Background: Members of the General Assembly currently receive annual compensation of \$43,500, except that the two presiding officers receive \$56,500. In addition, members each receive \$500 to be applied to in-district travel, and are reimbursed for their lodging

and travel expenses related to their service as members of the General Assembly. Compensation does not vary according to years of service.

About one-third of State Senators and Delegates have served in their respective houses of the General Assembly for more than three terms (12 years).

The Legislative Pension Plan (LPP) is the only pension plan administered by the State Retirement and Pension System that is optional for eligible members; all other plans are required for eligible members as a condition of their employment. Only elected members of the General Assembly are eligible for membership in LPP. LPP members contribute 5% of their salary for up to 22 years and three months; contributions are not required beyond that time. They are vested in the plan after eight years (two terms). Vested members are eligible for a full-service retirement allowance upon reaching age 60, as long as they are no longer serving in the General Assembly. Their annual retirement allowance is 3% of the salary of a current member of the General Assembly for each year of service credit, but is capped at two-thirds of the salary of a current member.

For the purpose of calculating employer contributions, LPP is combined with the Employees' Retirement System, Employees' Pension System, and Correctional Officers' Retirement System for the annual actuarial valuation. Therefore, employer contributions for LPP are the same as those for the employees' combined systems (ECS).

State Fiscal Effect: Compensation for members of the General Assembly does not vary based on years of service, so there would be no effect on the total compensation paid to them.

Full LPP retirement benefits are earned upon reaching 22 years, three months of service in the General Assembly. Although the proposed amendment would restrict members of the General Assembly to three consecutive elective terms (12 years), members would still be able to serve longer if they sat out one term and then were re-elected to a fourth nonconsecutive term. However, the proposed amendment would likely result in fewer members achieving full benefits, and other members would likely earn fewer benefits than they otherwise would by virtue of serving fewer years in the General Assembly. Any reduction in benefit payments would be expected to be minimal and, given that LPP members represent about 0.2% of total ECS membership, have no discernible effect on State pension liabilities or contribution rates.

State costs of printing absentee and provisional ballots may increase to the extent inclusion of the proposed constitutional amendment on the ballot at the next general election would result in a need for a larger ballot card size or an additional ballot card for a given ballot (the content of ballots varies across the State, depending on the offices,

candidates, and questions being voted on). Any increase in costs, however, is expected to be relatively minimal, and it is assumed that the potential for such increased costs will have been anticipated in the State Board of Elections' budget. Pursuant to Chapter 564 of 2001, the State Board of Elections shares the costs of printing paper ballots with the local boards of elections.

Local Fiscal Effect: Local boards of elections' printing and mailing costs may increase to include information on the proposed constitutional amendment with specimen ballots mailed to voters prior to the next general election and to include the proposed amendment on absentee and provisional ballots. It is assumed, however, that the potential for such increased costs will have been anticipated in local boards of elections' budgets.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland State Board of Elections, Maryland State Retirement Agency, Department of Legislative Services

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Analysis by: Michael C. Rubenstein

Direct Inquiries to:
(410) 946-5510
(301) 970-5510