

HOUSE BILL 28

K4, B1

7lr0768

(PRE-FILED)

By: **Delegate Krimm**

Requested: October 5, 2016

Introduced and read first time: January 11, 2017

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Unappropriated General Fund Surplus – Appropriation to Pension Fund and**
3 **Postretirement Health Benefits Trust Fund**

4 FOR the purpose of altering a certain required appropriation to require, beginning in a
5 certain fiscal year, an appropriation of a certain amount to certain accumulation
6 funds of the State Retirement and Pension System and an appropriation of a certain
7 amount to the Postretirement Health Benefits Trust Fund; altering the date by
8 which the Department of Legislative Services is required to conduct a certain review
9 and submit a certain report regarding certain required appropriations to the State
10 Retirement and Pension System; and generally relating to appropriations from the
11 unappropriated General Fund surplus to the State Retirement and Pension System
12 and the Postretirement Health Benefits Trust Fund.

13 BY repealing and reenacting, with amendments,
14 Article – State Finance and Procurement
15 Section 7–311
16 Annotated Code of Maryland
17 (2015 Replacement Volume and 2016 Supplement)

18 BY repealing and reenacting, with amendments,
19 Chapter 489 of the Acts of the General Assembly of 2015
20 Section 24

21 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
22 That the Laws of Maryland read as follows:

23 **Article – State Finance and Procurement**

24 7–311.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

2 (2) “Account” means the Revenue Stabilization Account.

3 (3) “Estimated General Fund revenues” means the estimated General
4 Fund revenues for a fiscal year stated in the report of the Board of Revenue Estimates
5 submitted to the Governor under § 6–106 of this article in December preceding the fiscal
6 year.

7 (b) The Revenue Stabilization Account is established to retain State revenues for
8 future needs and reduce the need for future tax increases by moderating revenue growth.

9 (c) The Account is a continuing, nonlapsing fund which is not subject to § 7–302
10 of this subtitle.

11 (d) The Account consists of:

12 (1) money appropriated in the State budget to the Account; and

13 (2) interest or other income earned from the investment of any portion of
14 this Account or any other account in the State Reserve Fund.

15 (e) Except as provided in subsection (f) of this section, for each fiscal year:

16 (1) if the Account balance is below 3% of the estimated General Fund
17 revenues for that fiscal year, the Governor shall include in the budget bill an appropriation
18 to the Account equal to at least \$100,000,000; and

19 (2) if the Account balance is at least 3% but less than 7.5% of the estimated
20 General Fund revenues for that fiscal year, the Governor shall include in the budget bill an
21 appropriation to the Account equal to at least the lesser of \$50,000,000 or whatever amount
22 is required for the Account balance to exceed 7.5% of the estimated General Fund revenues
23 for that fiscal year.

24 (f) The appropriations required by subsection (e) of this section are not required
25 when the Account balance exceeds 7.5% of the estimated General Fund revenues.

26 (g) (1) Unless the transfer would result in an Account balance below 5% of the
27 estimated General Fund revenues for the fiscal year in which the transfer is made, if
28 authorized by an act of the General Assembly or specifically authorized in the State budget
29 bill as enacted, the Governor may transfer funds from the Account to General Fund
30 revenues as necessary to support the operation of State government on a temporary basis.

31 (2) If the transfer would result in an Account balance below 5% of the
32 estimated General Fund revenues for the fiscal year in which the transfer is made, the
33 Governor may transfer funds from the Account to General Fund revenues only if the
34 transfer is authorized by an act of the General Assembly other than the State budget bill.

1 (h) If the budget bill as submitted to the General Assembly includes a transfer of
2 funds from the Account pursuant to subsection (g) of this section, the budget bill as enacted
3 by the General Assembly may provide for a reduction of the amount of the transfer from
4 the Account by an amount up to the amount of the reductions made by the General
5 Assembly in the General Fund appropriations.

6 (i) Funds of the Account may only be transferred from the Account as provided
7 in this section and are not subject to transfer by budget amendment.

8 (j) (1) Except as provided in paragraph (2) of this subsection, for fiscal year
9 2007 and for each subsequent fiscal year, the Governor shall include in the budget bill an
10 appropriation:

11 (i) for each of fiscal years 2017, 2018, and 2019, to the accumulation
12 funds of the State Retirement and Pension System an amount, up to a maximum of
13 \$50,000,000, that is equal to one-half of the amount by which the unappropriated General
14 Fund surplus as of June 30 of the second preceding fiscal year exceeds \$10,000,000;

15 (ii) for fiscal year 2020:

16 1. to the accumulation funds of the State Retirement and
17 Pension System an amount, up to a maximum of \$50,000,000, that is equal to one-half of
18 the amount by which the unappropriated General Fund surplus as of June 30 of the second
19 preceding fiscal year exceeds \$10,000,000; and

20 2. to the Account equal to the amount by which the
21 unappropriated General Fund surplus as of June 30 of the second preceding fiscal year
22 exceeds \$10,000,000, less the amount of the appropriation under item 1 of this paragraph;
23 and

24 (iii) for fiscal year 2021 and each fiscal year thereafter[,]:

25 **1. TO THE ACCUMULATION FUNDS OF THE STATE**
26 **RETIREMENT AND PENSION SYSTEM AN AMOUNT, UP TO A MAXIMUM OF**
27 **\$25,000,000, THAT IS EQUAL TO ONE-QUARTER OF THE AMOUNT BY WHICH THE**
28 **UNAPPROPRIATED GENERAL FUND SURPLUS AS OF JUNE 30 OF THE SECOND**
29 **PRECEDING FISCAL YEAR EXCEEDS \$10,000,000;**

30 **2. TO THE POSTRETIREMENT HEALTH BENEFITS TRUST**
31 **FUND ESTABLISHED UNDER § 34-101 OF THE STATE PERSONNEL AND PENSIONS**
32 **ARTICLE AN AMOUNT, UP TO A MAXIMUM OF \$25,000,000, THAT IS EQUAL TO**
33 **ONE-QUARTER OF THE AMOUNT BY WHICH THE UNAPPROPRIATED GENERAL FUND**
34 **SURPLUS AS OF JUNE 30 OF THE SECOND PRECEDING FISCAL YEAR EXCEEDS**
35 **\$10,000,000; AND**

1 **3.** to the Account equal to the amount by which the
2 unappropriated General Fund surplus as of June 30 of the second preceding fiscal year
3 exceeds \$10,000,000, **LESS THE AMOUNT OF THE APPROPRIATIONS UNDER ITEMS 1**
4 **AND 2 OF THIS ITEM.**

5 (2) The appropriation required under this subsection for any fiscal year
6 may be reduced by the amount of any appropriation to the Account required to be included
7 for that fiscal year under subsection (e) of this section.

8 **Chapter 489 of the Acts of 2015**

9 SECTION 24. AND BE IT FURTHER ENACTED, That[, on or before December 1,
10 2019,] the Department of Legislative Services shall conduct a review of the amounts
11 required to be appropriated to the accumulation funds of the State Retirement and Pension
12 System under § 7-311(j)(1) of the State Finance and Procurement Article **ON OR BEFORE**
13 **DECEMBER 1 OF THE YEAR IN WHICH THE TOTAL ACTUARIAL VALUE OF ASSETS FOR**
14 **THE STATE RETIREMENT AND PENSION SYSTEM DIVIDED BY THE TOTAL ACTUARIAL**
15 **ACCRUED LIABILITY FOR THE STATE RETIREMENT AND PENSION SYSTEM EQUALS**
16 **A FUNDING RATIO OF 85%.** The review shall include findings and recommendations
17 regarding the appropriate amount of funding and whether the required amount of funding
18 should be altered or eliminated. The results of the review shall be reported to the Governor,
19 the Senate Budget and Taxation Committee, the House Appropriations Committee, and the
20 Joint Committee on Pensions, in accordance with § 2-1246 of the State Government Article.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
22 1, 2017.