

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
First Reader

Senate Bill 598 (Senator Guzzone)
Budget and Taxation

State Retirement and Pension System - Military Service Credit - Eligibility

This bill allows a member of a State system within the State Retirement and Pension System (SRPS), other than the Legislative Pension Plan (LPP), to count service credit earned as a senator or delegate toward the 10 years of service necessary to claim military service credit for prior service in the military.

The bill takes effect July 1, 2017.

Fiscal Summary

State Effect: Since it is assumed that the bill applies in a limited number of cases, as discussed below, the bill has no discernible effect on State pension liabilities or contribution rates. No effect on revenues.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: In general, any member or vested former member of SRPS who accrues 10 years of service credit through employment as a member of a State system other than LPP may receive one year of additional service credit for each year of *active* military service – including active duty performed as a member of a reserve or National Guard unit – performed prior to membership in SRPS, up to a maximum of five years. That credit is granted at no cost to the member or former member. Prior to July 1, 2011, a member or former member who applied for credit for military service that preceded membership in a

State system received credit at the accrual rate in effect at the time of retirement. However, a member who applies on or after that date receives credit using the accrual rate in effect when the application for credit is submitted to SRPS.

SRPS members or vested former members who claim credit for the same military service from another retirement system may not receive military service credit from SRPS, unless they claim credit for that military service under:

- the Social Security Act;
- the National Railroad Retirement Act; or
- Title 3 or Title 10 of the U.S. Code (National Guard and Reserve pensions).

Members or vested former members who received military service credit for disability benefits from any pension or retirement system may also claim military service credit from SRPS.

Active members of LPP are not eligible to receive service credit for prior military service, which is not changed by the bill. Membership in LPP is mandatory for legislators beginning in the current term.

State Fiscal Effect: The bill applies to a member of a State plan who is a current or former member of the General Assembly and who has prior active-duty service in the military. The bill most likely affects former legislators with prior military service who are currently in a State plan and would like to apply their years of service in the General Assembly toward the 10 years necessary to claim the past military service credit.

Neither the Department of Legislative Services nor the State Retirement Agency has information on the number of SRPS members who served in the General Assembly *and* who have prior military service credit, but the number is assumed to be very small. Moreover, it is likely that many of those individuals will accrue at least 10 years of service credit in a State system and not need to use their General Assembly service credit, as allowed under the bill. Therefore, the bill is assumed to apply in a limited number of instances and does not have a discernible effect on State pension liabilities or contribution rates.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): State Retirement Agency; Department of Legislative Services

Fiscal Note History: First Reader - February 15, 2017
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Analysis by: Michael C. Rubenstein

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