

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

Senate Bill 306

(Senator Griffith)(Chair, Joint Committee on Pensions)

Budget and Taxation

Appropriations

**State Retirement and Pension System - Maryland Pension Administration
System - Member Contributions**

This bill requires participating employers in the State Retirement and Pension System (SRPS) to submit member contributions and payroll data supporting the contributions at the same time. The bill maintains and makes conforming changes to existing penalties for failure to provide timely payments or supporting payroll information to the system. **The bill takes effect July 1, 2019.**

Fiscal Summary

State Effect: None. The bill is procedural in nature.

Local Effect: As participating employers currently submit supporting payroll data to SRPS in a timely fashion the bill is assumed to have no effect on local government finances.

Small Business Effect: None.

Analysis

Current Law: Participating employers in SRPS must certify and pay member contributions deducted from employee compensation as each payroll is paid or in a manner prescribed by the SRPS Board of Trustees. Within five working days after the payment of each payroll, the participating employer must provide supporting payroll data in a format specified by the State Retirement Agency (SRA).

An employer that does not make timely payment of member contributions to the system is subject to a penalty of 10% of the amounts due plus 10% interest per year until they are

paid. An employer that does not submit the supporting payroll data within five days is subject to a late charge of \$250 for each payroll and interest on delinquent late charges. The bill makes conforming changes to the existing penalty provision to reflect the bill's requirements.

Background: SRPS is entering the final phase of the development of the new Maryland Pension Administration System (MPAS), which will allow the agency to shift many of its paper-based business practices to a more efficient automated process. Specifically, MPAS will be able to accept member contributions and payroll data simultaneously. This will eliminate discrepancies and administrative burdens that have occurred when members withdraw or die in the intervening five-day period.

SRA asked the Joint Committee on Pensions (JCP) to sponsor this legislation and JCP agreed.

Additional Information

Prior Introductions: None.

Cross File: HB 63 (Delegate B. Barnes)(Chair, Joint Committee on Pensions) - Appropriations.

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

Fiscal Note History: First Reader - February 1, 2019
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