
By: Senator Ruben

Requested: October 10, 1996

Introduced and read first time: January 8, 1997

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **Retirement and Pensions - Participating Governmental Units - Deficit Payments**

3 FOR the purpose of altering the period in which certain governmental units that
4 participate in the State employees' retirement and pension systems are required to
5 make certain deficit payments.

6 BY repealing and reenacting, with amendments,
7 Article - State Personnel and Pensions
8 Section 21-305.4(c)
9 Annotated Code of Maryland
10 (1994 Volume and 1996 Supplement)

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

13 **Article - State Personnel and Pensions**

14 21-305.4.

15 (c) (1) The actuary shall determine the deficit allocable to a participating
16 governmental unit as of June 30, 1995, based on an actuarial valuation.

17 (2) (i) Except as provided in subparagraph (ii) of this paragraph, the
18 annual deficit payment of a participating governmental unit shall be the payment that is
19 sufficient to liquidate over a 25 year term beginning as of July 1, 1995, the deficit
20 allocated to the participating governmental unit by means of annual payments that
21 increase each year based on the actuarial assumptions adopted by the Board of Trustees
22 on the recommendation of the actuary.

23 (ii) If, as of July 1, 1995, the annual deficit payment of a participating
24 governmental unit increases the participating governmental unit's required contribution
25 by more than 2% of the aggregate annual earnable compensation of the participating
26 governmental unit as of July 1, 1995, the participating governmental unit may liquidate
27 the deficit over a [40-year] 50-YEAR term beginning as of July 1, 1995.

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1 (3) (i) Subject to subparagraph (ii) of this paragraph, with the
2 concurrence of the Board of Trustees, a participating governmental unit may prepay all or
3 a portion of the deficit.

4 (ii) A participating governmental unit that elects to prepay a portion
5 of the deficit:

6 1. may not prepay less than the greater of \$100,000 or 10% of
7 the outstanding balance of the deficit as of the payment date;

8 2. may not make more than 2 additional payments during any
9 fiscal year; and

10 3. shall be liable for payment of the expenses incurred by the
11 agency for the actuary to recalculate the annual deficit payments required under §
12 21-305(b)(2)(iv) of this subtitle.

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 July 1, 1997.