
By: Senator Amoss (Chairman, Joint Committee on Pensions)

Introduced and read first time: January 24, 1997

Assigned to: Budget and Taxation

Committee Report: Favorable

Senate action: Adopted

Read second time: February 25, 1997

CHAPTER _____

1 AN ACT concerning

2 Pensions - Expense Fund - Administrative and Operational Expenses

3 FOR the purpose of altering, for certain fiscal years, the amount that may be estimated
4 and paid into the expense funds of the several systems for administrative and
5 operational expenses; extending a certain termination date that relates to a certain
6 limitation on the amount that may be paid into expense funds of the State
7 retirement and pension systems for administrative and operational expenses;
8 requiring certain reports; and generally relating to limitations on the Board of
9 Trustees for expenses.

10 BY repealing and reenacting, without amendments,
11 Article - State Personnel and Pensions
12 Section 21-315
13 Annotated Code of Maryland
14 (1994 Volume and 1996 Supplement)

15 BY repealing and reenacting, with amendments,
16 Chapter 429 of the Acts of the General Assembly of 1993, as amended by Chapter
17 366 of the Acts of the General Assembly of 1995
18 Section 2 and 3

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

2

1 **Article - State Personnel and Pensions**

2 21-315.

3 (a) The Board of Trustees shall credit to the expense fund of each State system its
4 pro rata share of:

5 (1) the amount provided in the annual State budget to pay the
6 administrative and operational expenses of the Board of Trustees and the State
7 Retirement Agency;

8 (2) the amounts authorized by the Board of Trustees under this section for
9 investment management services; and

10 (3) the amount authorized by the Board of Trustees to implement a closing
11 agreement with the Internal Revenue Service regarding former members of the
12 Employees' Retirement System or the Teachers' Retirement System who elected to
13 become members of or participate in those State systems under former Article 73B, §§
14 2-206 and 3-206 of the Code.

15 (b) The Board of Trustees shall pay from the expense fund of each State system
16 its pro rata share of:

17 (1) the administrative and operational expenses of the Board of Trustees
18 and the State Retirement Agency, in accordance with the annual State budget;

19 (2) the amounts as authorized by the Board of Trustees necessary for
20 investment management services; and

21 (3) the amounts as authorized by the Board of Trustees necessary to
22 implement a closing agreement with the Internal Revenue Service regarding former
23 members of the Employees' Retirement System or the Teachers' Retirement System who
24 elected to become members of or participate in those State systems under former Article
25 73B, §§ 2-206 and 3-206 of the Code.

26 (c) Each year the Board of Trustees shall estimate:

27 (1) the amount, not exceeding 0.2% of the payroll of members, necessary for
28 the administrative and operational expenses of the Board of Trustees and the State
29 Retirement Agency;

30 (2) the amount, not exceeding 1.5% of the average of the market values as
31 of July 1 and June 30 of the current fiscal year of assets externally invested in real estate,
32 necessary for external real estate investment management services; and

33 (3) the amount, not exceeding 0.3% of the market value as of December 31
34 of the preceding fiscal year of invested assets that are externally managed exclusive of
35 assets invested in real estate, necessary to procure and retain investment management
36 services other than external real estate investment management services.

37 (d) The amounts estimated under subsection (c) of this section shall be paid into
38 the expense funds of the several systems during the ensuing year on a pro rata basis
39 according to the total assets held by each system.

3

1 (e) The Board of Trustees may combine the expense funds of the several systems
2 for budgetary and administrative efficiency.

3 (f) On or before December 31 of each year, the Board of Trustees shall report to
4 the General Assembly the actual amount spent for investment management services
5 during the preceding fiscal year.

6 Chapter 429 of the Acts of 1993, as amended by Chapter 366 of the Acts of 1995

7 SECTION 2. AND BE IT FURTHER ENACTED, That in addition to the amount
8 authorized under § 21-315(c) of the State Personnel and Pensions Article, for fiscal year
9 [1996] 1998 the Board of Trustees may pay up to [25/100 of 1 percent] 0.30 % of the
10 payroll of the members to the expense funds to provide for the administration and
11 operation of each system in accordance with § 21-315(d) of the State Personnel and
12 Pensions Article. If additional moneys authorized under this section are not paid in fiscal
13 year [1996] 1998, the Board of Trustees may pay the amount of additional moneys
14 authorized but not paid, in fiscal year [1997 or 1998] 1999 OR 2000.

15 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
16 July 1, 1993. It shall remain effective for a period of [5] 7 years and, at the end of June
17 30, [1998] 2000, with no further action required by the General Assembly, this Act shall
18 be abrogated and of no further force and effect.

19 SECTION 2. AND BE IT FURTHER ENACTED, That the State Retirement
20 Agency shall report periodically to the General Assembly on the progress of the upgrade
21 of its computer system, including the relationship of the amount spent on the upgrade and
22 the total spending authority for the Board of Trustees and the State Retirement Agency.

23 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 July 1, 1997.