

BY: Budget and Taxation Committee

AMENDMENTS TO HOUSE BILL NO. 987

(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, strike “Alternate Pension Selection” and substitute “Modification of Benefits and Contributions”; in line 4, strike “providing for an alternate pension selection for” and substitute “altering benefits and contributions for certain”; in line 6, before “and” insert “who are not employees of certain governmental units and who did not transfer from the Employees’ Retirement System or the Teachers’ Retirement System after a certain date”; in the same line, after “for” insert “certain”; in line 7, strike “optional for” and substitute “mandatory”; strike beginning with the comma in line 7 down through the first “System,” in line 8 and substitute “who are not employees of certain governmental units and for certain members of”; strike beginning with “, and” in line 8 down through “election” in line 13; and strike beginning with “subject” in line 14 down through “selection” in line 15 and substitute “who are not employees of certain governmental units and who did not transfer from the Employees’ Retirement System or the Teachers’ Retirement System after a certain date”.

On pages 1 and 2, strike beginning with “requiring” in line 15 on page 1 through “refund;” in line 1 on page 2.

On page 2, in line 3, strike “elect to be subject to the alternate pension selection and”; in line 6, strike “and members of the Teachers’ Pension System”; in line 19, strike “providing for” and substitute “authorizing”; strike beginning with “providing” in line 20 down through “contract;” in line 21; strike beginning with “authorizing” in line 25 down through “Act;” in line 27 and substitute “requiring a certain study and report on or before a certain date;”; in line 27, after “Assembly;” insert “providing for a delayed effective date for certain provisions of this Act;”; in line 28, strike “an alternate pension selection” and substitute “modifications in benefits and contributions”; in lines 29 and 30, in each instance, after “for” insert “certain”; in line 30, after “System” insert “who are not employees of certain governmental units”; strike in their entirety lines 32 through 36, inclusive; and after line 42, insert:

(Over)

“BY repealing and reenacting, with amendments,

Article - State Government

Section 10-616(g)(5)

Annotated Code of Maryland

(1995 Replacement Volume and 1997 Supplement)”.

On page 3, in line 1, strike “21-305.2(e).”; in line 2, before “29-404.” insert “29-303.”; and strike beginning with “23-217” in line 7 down through the semicolon in line 8.

AMENDMENT NO. 2

On page 4, in lines 21 and 22, strike “AN ALTERNATE PENSION SELECTION FOR” and substitute “CHANGES IN THE METHOD OF COMPUTING THE RETIREMENT ALLOWANCE OF”; and strike in their entirety lines 25 through 34, inclusive.

On page 5, in line 11, after “(B)” insert:

“(1) THIS SUBSECTION DOES NOT APPLY TO:

(I) AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT OR A FORMER PARTICIPATING GOVERNMENTAL UNIT THAT HAS WITHDRAWN; OR

(II) A MEMBER OF THE EMPLOYEES’ PENSION SYSTEM OR TEACHERS’ PENSION SYSTEM WHO TRANSFERRED FROM THE EMPLOYEES’ RETIREMENT SYSTEM OR TEACHERS’ RETIREMENT SYSTEM AFTER APRIL 1, 1998.

(2)”; and strike beginning with “SUBJECT” in line 11 down through “SUBTITLE” in line 12.

On pages 5 through 8, strike in their entirety the lines beginning with line 14 on page 5 through line 34 on page 8.

On page 9, in line 10, after “(C)” insert:

“(1) THIS SUBSECTION DOES NOT APPLY TO:

(I) AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT OR A FORMER PARTICIPATING GOVERNMENTAL UNIT THAT HAS WITHDRAWN; OR

(II) A MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR TEACHERS' PENSION SYSTEM WHO TRANSFERRED FROM THE EMPLOYEES' RETIREMENT SYSTEM OR TEACHERS' RETIREMENT SYSTEM AFTER APRIL 1, 1998.

(2)”;

in line 11, strike “700” and substitute “500”; strike beginning with “IS” in line 10 down through “TITLE” in line 11; in line 12, strike “SUBJECT TO THAT SELECTION”; and strike beginning with “SUBJECT” in line 26 down through “TITLE” in line 27 and substitute “NOT AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT OR A FORMER PARTICIPATING GOVERNMENTAL UNIT THAT HAS WITHDRAWN OR WHO TRANSFERRED FROM THE EMPLOYEES' RETIREMENT SYSTEM OR TEACHERS' RETIREMENT SYSTEM ON OR BEFORE APRIL 1, 1998”.

AMENDMENT NO. 3

On page 10, in line 34, after “(C)” insert:

“(1) THIS SUBSECTION DOES NOT APPLY TO:

(I) AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT OR A FORMER PARTICIPATING GOVERNMENTAL UNIT THAT HAS WITHDRAWN; OR

(II) A MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR TEACHERS' PENSION SYSTEM WHO TRANSFERRED FROM THE EMPLOYEES' RETIREMENT SYSTEM OR TEACHERS' RETIREMENT SYSTEM AFTER APRIL 1, 1998.

(2)”;

strike beginning with “SUBJECT” in line 34 down through “IS” in line 35; and in line 36, after “EQUALS” insert “THE SUM OF:

(1)”.

(Over)

On page 11, in line 1, after "SERVICE" insert "ON OR AFTER JULY 1, 1998"; in line 2, after "COMPENSATION" insert "; AND

(2) THE GREATER OF:

(I) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE SERVICE ON OR BEFORE JUNE 30, 1998 MULTIPLIED BY 1.2% OF THE MEMBER'S AVERAGE FINAL COMPENSATION; OR

(II) THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE SERVICE ON OR BEFORE JUNE 30, 1998 MULTIPLIED BY:

1. 0.8% OF THE MEMBER'S AVERAGE FINAL COMPENSATION THAT IS NOT IN EXCESS OF THE SOCIAL SECURITY INTEGRATION LEVEL; AND

2. 1.5% OF THE MEMBER'S AVERAGE FINAL COMPENSATION THAT EXCEEDS THE SOCIAL SECURITY INTEGRATION LEVEL".

AMENDMENT NO. 4

On page 13, after line 19, insert:

"29-303.

(a) This section applies only to members of:

(1) the Employees' Pension System;

(2) the Local Fire and Police System;

(3) the Law Enforcement Officers' Pension System; or

(4) the Teachers' Pension System.

(b) A member is eligible to receive a vested allowance if:

(1) the member separated from employment other than by death or retirement; and

(2) the member has at least 5 years of eligibility service.

(c) Except as provided in [subsection (e)] SUBSECTIONS (E) AND (F) of this section, a vested allowance:

(1) is a deferred allowance that begins at normal retirement age;

(2) is computed as a normal service retirement allowance on the basis of the member's average final compensation and eligibility service at separation from employment; and

(3) may be paid in one of the optional forms of allowances under § 21-403 of this article.

(d) If a member of the Employees' Pension System or the Teachers' Pension System separated from employment on or before June 30, 1990, unused sick leave reported by the member's employer at the time of separation from employment is creditable service for computing the vested allowance.

(e) [A] EXCEPT AS PROVIDED IN SUBSECTION (F) OF THIS SECTION, A former member of the Employees' Pension System or the Teachers' Pension System who has separated from employment before the age of 55 with at least 15 years of eligibility service is eligible to receive a vested allowance that:

(1) begins on the first day of the month following the member's 55th birthday; and

(2) equals the reduced allowance computed under § 23-402 of this article.

(F) (1) THE VESTED ALLOWANCE OF A FORMER MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR THE TEACHERS' PENSION SYSTEM WHO SEPARATES FROM EMPLOYMENT ON OR BEFORE JUNE 30, 1998:

(I) IS A DEFERRED ALLOWANCE THAT BEGINS AT NORMAL RETIREMENT AGE;

(II) IS COMPUTED ON THE BASIS OF THE MEMBER'S AVERAGE FINAL COMPENSATION AND ELIGIBILITY SERVICE AT SEPARATION FROM EMPLOYMENT;

(III) SHALL EQUAL THE NUMBER OF YEARS OF THE MEMBER'S CREDITABLE SERVICE MULTIPLIED BY:

1. 0.8% OF THE MEMBER'S AVERAGE FINAL COMPENSATION THAT IS NOT IN EXCESS OF THE SOCIAL SECURITY INTEGRATION LEVEL; AND

2. 1.5% OF THE MEMBER'S AVERAGE FINAL COMPENSATION THAT EXCEEDS THE SOCIAL SECURITY INTEGRATION LEVEL; AND

(IV) MAY BE PAID IN ONE OF THE OPTIONAL FORMS OF ALLOWANCES UNDER § 21-403 OF THIS ARTICLE.

(2) A FORMER MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR THE TEACHERS' PENSION SYSTEM WHO HAS SEPARATED FROM EMPLOYMENT ON OR BEFORE JUNE 30, 1998 AND BEFORE THE AGE OF 55 WITH AT LEAST 15 YEARS OF ELIGIBILITY SERVICE IS ELIGIBLE TO RECEIVE A VESTED ALLOWANCE THAT:

(I) BEGINS ON THE FIRST DAY OF THE MONTH FOLLOWING THE MEMBER'S 55TH BIRTHDAY; AND

(II) EQUALS THE ALLOWANCE UNDER PARAGRAPH (1) OF THIS SUBSECTION, REDUCED BY 0.5% FOR EACH MONTH THAT THE MEMBER'S EARLY RETIREMENT DATE PRECEDES THE DATE THE MEMBER WILL BE 62 YEARS OLD.

[(f)] (G) (1) If a former member who elected a vested allowance requests the return of accumulated contributions before payment of the vested allowance begins, the Board of Trustees

shall return the accumulated contributions to the former member.

(2) When the former member is eligible to begin receiving a vested allowance, the former member shall receive a pension only.”;

in line 24, after “System” insert “IF THE DECEASED MEMBER, FORMER MEMBER, OR RETIREE WAS AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT OR A FORMER PARTICIPATING GOVERNMENTAL UNIT THAT HAS WITHDRAWN WHILE A MEMBER”;

in line 25, after “System;” insert “OR”; and strike beginning with “; or” in line 26 down through “System” in line 27.

On page 14, in line 6, after “APPLIES” insert “ON OR AFTER JULY 1, 1998”; strike beginning with “, WHO” in line 9 down through “ARTICLE” in line 10; and strike in their entirety lines 11 through 14, inclusive, and substitute:

“(B) THIS PART VI OF THIS SUBTITLE DOES NOT APPLY IF THE MEMBER, FORMER MEMBER, OR RETIREE WAS AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT OR A FORMER PARTICIPATING GOVERNMENTAL UNIT THAT HAS WITHDRAWN WHILE A MEMBER.”.

AMENDMENT NO. 5

On page 14, after line 36, insert:

“SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article - State Personnel and Pensions”.

On page 15, in lines 5 and 6, strike “: (1)”; in line 6, after “THAN” insert “: (1)”; and strike beginning with the semicolon in line 7 down through “SYSTEM” in line 8 and substitute “OR A FORMER PARTICIPATING GOVERNMENTAL UNIT THAT HAS WITHDRAWN; OR

(2) A MEMBER OF THE EMPLOYEES' PENSION SYSTEM WHO TRANSFERRED FROM THE EMPLOYEES' RETIREMENT SYSTEM AFTER APRIL 1, 1998".

On page 16, in line 32, strike "OF 50%"; and in line 33, strike "\$250" and substitute "\$600".

On page 17, strike in their entirety lines 20 through 23, inclusive.

On page 18, in lines 5 and 17, strike "3." and "4.", respectively, and substitute "4." and "5.", respectively; in lines 5 and 6, strike ":(a)"; in line 7, strike "shall" and substitute "may"; strike beginning with "; and" in line 10 down through "Article" in line 16; strike in their entirety lines 22 through 26, inclusive; after line 31, insert:

"SECTION 7. AND BE IT FURTHER ENACTED, That:

(a) On or before December 15, 1998, the Joint Committee on Pensions, in consultation with the Board of Trustees of the State Retirement and Pension System and the State Board of Trustees of the Maryland Teachers and State Employees Supplemental Retirement Plans shall conduct a study and prepare a report on:

(1) the feasibility of creating a stand-alone defined contribution plan for State employees and teachers as a portable alternative to the defined benefit plan under the Employees' Pension System;

(2) issues related to local governments that currently participate in the Employees' Pension System or have withdrawn from participation but continue to make unfunded liability payments to the System;

(3) the appropriateness of member benefits and employer contribution rates for any system within the State Retirement and Pension System which is over 100% funded;

(4) actuarial valuation procedures relating to the crediting of unused sick leave and military service credit at the time of retirement, service credit for part time employees, and mortality assumptions;



(5) a comparison of the benefits provided under this Act compared to the benefits provided to State employees and teachers in all other states;

(6) the advisability of eliminating the State subsidy for health insurance benefits for retirees who are hired in the future; and

(7) the unfunded liabilities of the State retirement and pension systems.

(b) The Board of Trustees of the State Retirement and Pension System shall pay all consulting fees and actuarial costs associated with the study under subsection (a) of this section.

SECTION 8. AND BE IT FURTHER ENACTED, That, notwithstanding any other provision of this Act, no benefits may be conferred, nor may any obligation be imposed on the State or any member of a State retirement or pension system under this Act, unless the State's actuary has certified to the Board of Trustees the actuarial cost of this Act, and the Board has adopted a resolution by June 30, 1998, certifying that the provisions of this Act can be implemented without adversely affecting the funded status of the State retirement or pension systems or the estimated aggregate employer contribution rate for Fiscal Year 2000, after taking into account the benefit improvements under this Act and actuarially sound assumptions and principles.

SECTION 9. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall take effect July 1, 1999.”;

in line 32, strike “7.” and substitute “10.”; and in the same line, after “That” insert “, except as provided in Section 9 of this Act.”.