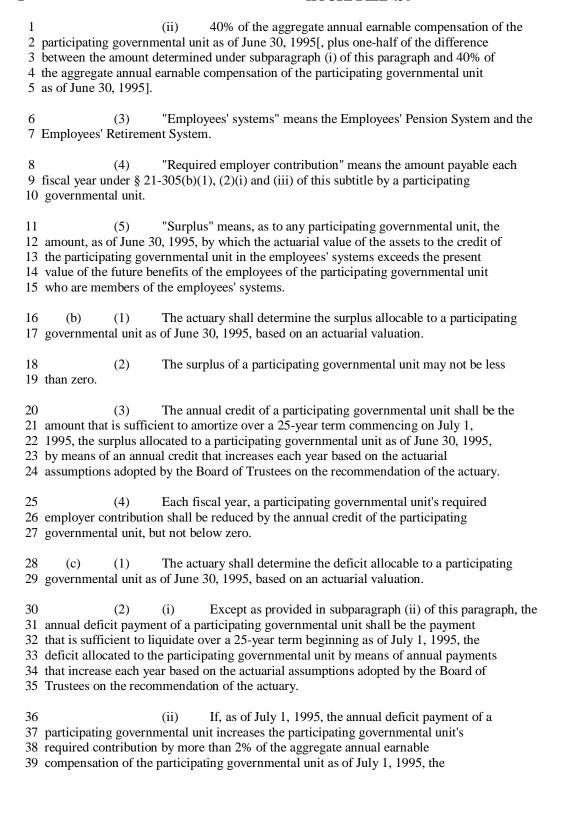
Unofficial Copy K4 1998 Regular Session 8lr1483

By: Washington County Delegation Introduced and read first time: February 4, 1998 Assigned to: Appropriations A BILL ENTITLED 1 AN ACT concerning 2 Retirement and Pensions - Participating Governmental Units - Deficits 3 FOR the purpose of providing for a limit on the determination of a deficit amount that certain governmental units that participate in the Employees' Retirement 4 5 System and the Employees' Pension System are required to pay as part of their 6 employer contributions to the systems; and requiring that the State Retirement Agency transfer a certain amount from certain accumulation funds of the 7 8 Employees' Retirement System and the Employees' Pension System to other accumulation funds of the Employees' Retirement System and the Employees' 9 10 Pension System. 11 BY repealing and reenacting, with amendments, 12 Article - State Personnel and Pensions 13 Section 21-305.4 14 Annotated Code of Maryland 15 (1997 Replacement Volume) 16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF 17 MARYLAND, That the Laws of Maryland read as follows: 18 **Article - State Personnel and Pensions** 19 21-305.4. In this section the following words have the meanings indicated. 20 (a) (1) 21 (2) "Deficit" means, as to any participating governmental unit, the lesser 22 of: 23 the amount, as of June 30, 1995, by which the present value of 24 the accrued benefit of the employees of the participating governmental unit who are 25 members of the Employees' Retirement System exceeds the actuarial value of the

26 assets to the credit of the participating governmental unit in the Employees'

27 Retirement System; or

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1 participating governmental unit may liquidate the deficit over a 40-year term 2 beginning as of July 1, 1995. 3 Subject to subparagraph (ii) of this paragraph, with the 4 concurrence of the Board of Trustees, a participating governmental unit may prepay 5 all or a portion of the deficit. 6 A participating governmental unit that elects to prepay a (ii) portion of the deficit: 8 1. may not prepay less than the greater of \$100,000 or 10% of 9 the outstanding balance of the deficit as of the payment date; 10 2. may not make more than 2 additional payments during 11 any fiscal year; and 12 3. shall be liable for payment of the expenses incurred by the 13 agency for the actuary to recalculate the annual deficit payments required under § 14 21-305(b)(2)(iv) of this subtitle. 15 On the recommendation of the actuary, the Board of Trustees shall adopt (d) 16 regulations that are necessary to carry out this section, and that set forth the amount 17 of any surplus or deficit allocable to a participating governmental unit as of June 30, 18 1995. 19 SECTION 2. AND BE IT FURTHER ENACTED, That, to preserve the integrity 20 of the accumulation funds of the Employees' Retirement System and the Employees' 21 Pension System for the participating governmental units as a result of the creation of 22 the limit on the amount of the deficit of any participating governmental unit under § 23 21-305.4(a)(2) of the State Personnel and Pensions Article as enacted by Section 1 of 24 this Act, the State Retirement Agency shall transfer up to \$3.85 million from the 25 accumulation funds of the Employees' Retirement System and the Employees' 26 Pension System for State participants to the accumulation funds of the Employees' 27 Retirement System and the Employees' Pension System for participating 28 governmental unit participants. 29 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect