

SENATE BILL 113

Unofficial Copy  
K4

1999 Regular Session  
9lr0655

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By: **Senator Kasemeyer (Chairman, Joint Committee on Pensions)**

Introduced and read first time: January 22, 1999

Assigned to: Budget and Taxation

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A BILL ENTITLED

1 AN ACT concerning

2                                   **State Retirement and Pension Systems - Limitations on Benefits and**  
3                                   **Contributions**

4 FOR the purpose of prohibiting the Board of Trustees for the State Retirement and  
5 Pension System from paying an allowance that exceeds a certain limit under the  
6 Internal Revenue Code; requiring the State Retirement Agency to reduce an  
7 allowance and certain contributions under certain circumstances; requiring the  
8 State Retirement Agency to pay a participant certain postretirement  
9 adjustments under certain circumstances; prohibiting the State Retirement  
10 Agency from allowing a member of a State retirement or pension system to  
11 purchase prior service credit under certain circumstances; and generally  
12 relating to certain limitations on benefits and contributions for participants in  
13 the State retirement and pension systems.

14 BY adding to  
15 Article - State Personnel and Pensions  
16 Section 20-208  
17 Annotated Code of Maryland  
18 (1997 Replacement Volume and 1998 Supplement)

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

21                                   **Article - State Personnel and Pensions**

22 20-208.

23 (A) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE BOARD OF  
24 TRUSTEES MAY NOT PAY AN ALLOWANCE THAT EXCEEDS THE LIMIT ON BENEFIT  
25 ACCRUALS ESTABLISHED FROM TIME TO TIME UNDER § 415 OF THE INTERNAL  
26 REVENUE CODE.

27 (B) SUBJECT TO SUBSECTIONS (C) AND (D) OF THIS SECTION, THE AGENCY  
28 SHALL REDUCE:

1 (1) AN ALLOWANCE TO THE EXTENT THAT IT EXCEEDS THE DOLLAR  
2 LIMIT ON AN ANNUAL BENEFIT ESTABLISHED FROM TIME TO TIME UNDER § 415(B)  
3 OF THE INTERNAL REVENUE CODE AND THE REGULATIONS ADOPTED THEREUNDER;  
4 AND

5 (2) THE CONTRIBUTIONS AND OTHER ADDITIONS TO ANY DEFINED  
6 CONTRIBUTION PLAN MAINTAINED BY THE BOARD OF TRUSTEES TO THE EXTENT  
7 THAT THEY EXCEED THE LIMIT ON ANNUAL ADDITIONS ESTABLISHED FROM TIME  
8 TO TIME UNDER § 415(C) OF THE INTERNAL REVENUE CODE AND THE REGULATIONS  
9 ADOPTED THEREUNDER.

10 (C) (1) THE DOLLAR LIMIT ON AN ANNUAL BENEFIT IS THE AMOUNT SET  
11 FORTH IN § 415(B) OF THE INTERNAL REVENUE CODE, AS ADJUSTED BY THE  
12 COMMISSIONER OF INTERNAL REVENUE UNDER § 415(D) OF THE INTERNAL REVENUE  
13 CODE AS OF JANUARY 1 OF EACH CALENDAR YEAR.

14 (2) THE DOLLAR LIMIT FOR A CALENDAR YEAR APPLIES TO A STATE  
15 SYSTEM'S FISCAL YEAR ENDING WITHIN THAT CALENDAR YEAR.

16 (D) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, THE  
17 AGENCY SHALL PAY A PARTICIPANT WHOSE ALLOWANCE WAS REDUCED UNDER  
18 SUBSECTION (B) OF THIS SECTION ANY POSTRETIREMENT ADJUSTMENT IF PAYMENT  
19 OF THE POSTRETIREMENT ADJUSTMENT DOES NOT EXCEED THE DOLLAR LIMIT ON  
20 BENEFITS.

21 (2) THE POSTRETIREMENT ADJUSTMENT MAY NOT EXCEED A  
22 PARTICIPANT'S BASIC ALLOWANCE AS INCREASED BY ANY POSTRETIREMENT  
23 ADJUSTMENTS ALLOWABLE UNDER THE APPLICABLE STATE SYSTEM.

24 (E) (1) THIS SUBSECTION DOES NOT APPLY TO AN INDIVIDUAL WHO IS A  
25 MEMBER OF A STATE SYSTEM ON OR BEFORE JUNE 30, 1999.

26 (2) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE AGENCY  
27 MAY NOT ALLOW A MEMBER TO PURCHASE PRIOR SERVICE CREDIT OTHER THAN IN  
28 ACCORDANCE WITH THE LIMITATIONS AND CONDITIONS SET FORTH IN § 415(N) OF  
29 THE INTERNAL REVENUE CODE.

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
31 July 1, 1999.