

SENATE BILL 731

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1999 Regular Session  
9r2512

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By: **Senator Kasemeyer**

Introduced and read first time: February 24, 1999

Assigned to: Rules

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A BILL ENTITLED

1 AN ACT concerning

2                           **State Retirement and Pension System - Administrative and Operational**  
3                           **Expenses**

4 FOR the purpose of altering the formula for estimating the administrative and  
5 operational expenses of the Board of Trustees for the State Retirement and  
6 Pension System and the State Retirement Agency.

7 BY repealing and reenacting, with amendments,  
8 Article - State Personnel and Pensions  
9 Section 21-315  
10 Annotated Code of Maryland  
11 (1997 Replacement Volume and 1998 Supplement)  
12 (As enacted by Section 3 of Chapter 150 of the Acts of the General Assembly of  
13 1997)

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

16                           **Article - State Personnel and Pensions**

17 21-315.

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

20 (1) the amount provided in the annual State budget to pay the  
21 administrative and operational expenses of the Board of Trustees and the State  
22 Retirement Agency;

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

25 (3) the amount authorized by the Board of Trustees to implement a  
26 closing agreement with the Internal Revenue Service regarding former members of  
27 the Employees' Retirement System or the Teachers' Retirement System who elected to

1 become members of or participate in those State systems under former Article 73B, §§  
2 2-206 and 3-206 of the Code.

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

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

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

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

14 (c) Each year the Board of Trustees shall estimate the amount, not exceeding  
15 [0.2%] 0.22% of the payroll of members, necessary for the administrative and  
16 operational expenses of the Board of Trustees and the State Retirement Agency.

17 (d) Each quarter of the fiscal year the Board of Trustees shall estimate:

18 (1) one-fourth of an amount, not exceeding 1.2% of the market value as  
19 of the last day of the preceding quarter of assets externally invested in real estate,  
20 necessary for external real estate investment management services; and

21 (2) one-fourth of an amount, not exceeding 0.3% of the market value as  
22 of the last day of the preceding quarter of invested assets that are externally managed  
23 exclusive of assets invested in real estate, necessary to procure and retain investment  
24 management services other than external real estate investment management  
25 services.

26 (e) The amounts estimated under subsections (c) and (d) of this section shall  
27 be paid into the expense funds of the several systems during the ensuing year on a pro  
28 rata basis according to the total assets held by each system.

29 (f) The Board of Trustees may combine the expense funds of the several  
30 systems for budgetary and administrative efficiency.

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

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