

SENATE BILL 731

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1999 Regular Session
9r2512

By: **Senator Kasemeyer**
Introduced and read first time: February 24, 1999
Assigned to: Rules
Re-referred to: Budget and Taxation, February 26, 1999

Committee Report: Favorable
Senate action: Adopted
Read second time: March 23, 1999

CHAPTER _____

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:

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

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

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

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

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

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

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

22 (c) Each year the Board of Trustees shall estimate the amount, not exceeding
23 [0.2%] 0.22% of the payroll of members, necessary for the administrative and
24 operational expenses of the Board of Trustees and the State Retirement Agency.

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

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

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

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

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

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

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