
By: **Delegate Proctor (Chairman, Joint Committee on Pensions)**

Introduced and read first time: February 3, 2000

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System - Administrative Expense Cap**

3 FOR the purpose of altering the base upon which the limit on the amount of the
4 administrative and operational expenses of the Board of Trustees of the State
5 Retirement and Pension System and the State Retirement Agency is calculated;
6 and generally relating to the operations and expenses of the Board of Trustees of
7 the State Retirement and Pension System and the State Retirement Agency.

8 BY repealing and reenacting, with amendments,
9 Article - State Personnel and Pensions
10 Section 21-315
11 Annotated Code of Maryland
12 (1997 Replacement Volume and 1999 Supplement)

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

15 **Article - State Personnel and Pensions**

16 21-315.

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

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

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

24 (3) the amount authorized by the Board of Trustees to implement a
25 closing agreement with the Internal Revenue Service regarding former members of
26 the Employees' Retirement System or the Teachers' Retirement System who elected to
27 become members of or participate in those State systems under former Article 73B, §§
28 2-206 and 3-206 of the Code.

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

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

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

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

12 (c)(1) [Each] SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, EACH year the
13 Board of Trustees shall estimate the amount[, not exceeding 0.22% of the payroll of
14 members,] necessary for the administrative and operational expenses of the Board of
15 Trustees and the State Retirement Agency.

16 (2) THE AMOUNT OF THE ADMINISTRATIVE AND OPERATIONAL
17 EXPENSES OF THE BOARD OF TRUSTEES AND THE STATE RETIREMENT AGENCY MAY
18 NOT EXCEED 0.22% OF THE SUM OF:

19 (I) THE PAYROLL OF THE MEMBERS OF THE STATE SYSTEMS;

20 (II) THE ALLOWANCES OF THE RETIREES AND SURVIVING
21 BENEFICIARIES OF DECEASED MEMBERS, FORMER MEMBERS, OR RETIREES OF THE
22 STATE SYSTEMS; AND

23 (III) THE AGGREGATED EARNABLE COMPENSATION OF THE
24 FORMER MEMBERS OF THE STATE SYSTEMS AS OF THEIR DATE OF SEPARATION
25 FROM EMPLOYMENT.

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

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

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

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

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

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

6 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
7 July 1, 2000.