

Department of Legislative Services  
Maryland General Assembly  
2000 Session

FISCAL NOTE  
Revised

House Bill 1404 (Delegate Bohanan. *et al.*)

Appropriations

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**Teachers' Retirement System - Employment of Retirees**

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This pension bill exempts from the reemployment earnings limitation a retiree of the Teachers' Retirement System (TRS) who retired from a board of education or local school system and who is reemployed in a part-time position with the University of Maryland.

The bill takes effect July 1, 2000 and sunsets on June 30, 2001.

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**Fiscal Summary**

**State Effect:** Minimal increase in State pension contributions due to reduced pension offset for reemployment earnings.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** Retirees of the TRS who receive a service retirement allowance or vested allowance may return to temporary, contractual, or permanent employment with a participating employer of the State Retirement and Pension System (SRPS). Current law, however, requires a reduction in the retirees' allowance dollar for dollar by the amount that any earnings from such a participating employer exceed the difference between the retirees' basic allowance at time of retirement and the retirees' average final salary, with certain exceptions. Under current law as well as under the bill, retired members do not accrue additional pension service credit if they are reemployed with a participating employer. They do, however, receive their retirement benefit simultaneously with their reemployment salary.

**Background:** HB 1158 of 1999, a substantially similar bill, passed the House of Delegates and was referred to summer study by the Senate Budget and Taxation Committee. The Joint Committee on Pensions received a report from the State Retirement Agency on the reemployment earnings limitation and opted to not initiate any legislation pending the outcome of last year's reemployment bill, Chapter 518 (SB 15) of 1999, which lifted the earnings limitation for certain school teachers returning to employment in shortage areas.

**State Expenditures:** The State Retirement Agency advises that the bill would apply to less than ten retirees and that any resulting reduction in pension offsets would be minimal.

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### **Additional Information**

**Prior Introductions:** HB 1158 of 1999, a substantially similar bill, passed the House of Delegates and was referred to summer study by the Senate Budget and Taxation Committee.

**Cross File:** None.

**Information Source(s):** State Retirement Agency; Milliman & Robertson, Inc.; Department of Legislative Services

**Fiscal Note History:** First Reader - March 13, 2000  
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Analysis by: Matthew D. Riven

Direct Inquiries to:  
John Rixey, Coordinating Analyst  
(410) 946-5510  
(301) 970-5510