HB 680

Department of Legislative Services

Maryland General Assembly
2001 Session

FISCAL NOTE

House Bill 680 (Delegate W. Baker, *et al.*)
Appropriations

State Police Retirement System - Retirees - Reemployment as Sheriffs or State's Attorneys

This pension bill exempts retirees of the State Police Retirement System from the prohibition that members of the system cannot accept a retirement allowance or pension allowance from another pension or retirement system supported wholly or in part by the State if the retiree is serving as a Sheriff or State's Attorney for a county that participates in the State Retirement and Pension System (SRPS).

The bill takes effect July 1, 2001 and applies retroactively to retirees serving in these offices on or after January 4, 1999 and still serving on July 1, 2001.

Fiscal Summary

State Effect: State pension liabilities would increase by $432,000, resulting in increased employer pension contributions of $30,700 (all funds) beginning in FY 2003, and increasing 5% per year thereafter based on actuarial assumptions.

(in dollars)	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006
Revenues	$0	$0	$0	$0	$0
GF/SF/FF Exp.	0	30,700	32,300	33,900	35,600
Net Effect	$0	($30,700)	($32,300)	($33,900)	($35,600)

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: A retiree of the State Police system is not entitled to receive a retirement allowance or pension allowance from another pension or retirement system supported wholly or in part by the State.

Background: Retirees of the State Police Retirement System who receive a service retirement allowance or vested allowance are subject to an earnings limitation only if they are reemployed *on a temporary basis* with a participating employer of the SRPS. Unlike other plans within the SRPS, there is no earnings offset for State Police retirees who are reemployed with a participating employer on a *contractual or permanent basis*.

A retiree of the State Police system serving as a Sheriff or State's Attorney is currently prohibited from earning a separate pension if the pension is supported by the State. Each of the 24 jurisdictions in Maryland has one Sheriff and one State's Attorney, both of which are constitutional officials of the State. Because they are constitutional officers, the State by tradition funds their pension benefits if they are enrolled in the Employees' Pension System of the SRPS. Some Sheriffs and State's Attorneys, however, elect to participate in their local pension systems.

State Expenditures: The State Retirement Agency advises that there are four State Police system retirees who are currently Sheriffs in the SRPS with the costs paid by the State. It is not known whether any State's Attorneys are retirees of the State Police system. These retirees would be eligible for a benefit based on the years of service and average final compensation as a Sheriff or State's Attorney.

Assuming that these four retirees have, on average, an annual salary of approximately $50,000 and will retire with 12 years of service in the Employees' Pension System as a Sheriff or State's Attorney, then the State's actuary informally estimates that State pension liabilities would increase by $432,000. Amortizing these liabilities over 18 years (through fiscal 2020) would result in additional pension contributions of $30,700 in fiscal 2003. Future year payments would increase by 5% per year based on actuarial assumptions. To the extent that actual membership, service, and salary vary from these assumptions, the actuarial costs will vary accordingly.

Additional Information

Prior Introductions: None.

Cross File: SB 566 (Senator Currie) - Budget and Taxation.

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

Fiscal Note History: First Reader – February 16, 2001
ncs/jr

Analysis by: Matthew D. Riven

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