

BY: Budget and Taxation Committee

AMENDMENTS TO SENATE BILL NO. 548

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in the sponsor line, strike “Senator Kasemeyer” and substitute “Senators Kasemeyer and McFadden”; in lines 3, 6, 8, 11, and 20, in each instance, strike “Funding System” and substitute “Benefits Trust Fund”; in line 4, after the semicolon insert “authorizing the Board of Trustees for the State Retirement and Pension System to commingle the assets of the Postretirement Health Benefits Trust Fund with the assets of certain other State retirement and pension systems;”; strike beginning with “Funding” in line 5 down through “System” in line 6 and substitute “Benefits Trust Fund”; in line 6, after the semicolon insert “requiring the Board of Trustees for the State Retirement and Pension System to be the trustees for the Postretirement Health Benefits Trust Fund; providing the Board of Trustees with certain powers, duties and indemnification; authorizing the Board of Trustees to incur certain investment and administrative expenses with regard to the Postretirement Health Benefits Trust Fund; providing that the Board of Trustees is not subject to certain provisions of the State Finance and Procurement Article for certain purposes;”; strike beginning with “Funding” in line 9 down through “System” in line 10 and substitute “Benefits Trust Fund”; in line 10, after the semicolon insert “requiring the Board of Trustees to prepare a consolidated report on or before a certain date each year that includes certain information;”; after line 11, insert:

“BY repealing and reenacting, with amendments,

Article - State Finance and Procurement

Section 11-203(d)

Annotated Code of Maryland

(2001 Replacement Volume and 2003 Supplement)

BY repealing and reenacting, without amendments,

Article - State Personnel and Pensions

Section 21-102

(Over)

Annotated Code of Maryland
(1997 Replacement Volume and 2003 Supplement)”.

and in line 14, strike “21-102” and substitute “21-123(e)”.

AMENDMENT NO. 2

On page 2, before line 1, insert:

“Article - State Finance and Procurement

11-203.

(d) Except as provided in Title 14, Subtitle 3 of this article, this Division II does not apply to the Board of Trustees of the State Retirement and Pension System for:

(1) services of managers to invest the assets of the State Retirement and Pension System, including real and personal property;

(2) expenditures to manage, maintain, and enhance the value of the assets of the State Retirement and Pension System in accordance with investment guidelines adopted by the Board of Trustees; [and]

(3) services related to the administration of the optional retirement program under Title 30 of the State Personnel and Pensions Article; AND

(4) SERVICES RELATED TO THE ADMINISTRATION OF THE POSTRETIREMENT HEALTH BENEFITS TRUST FUND.”;

in lines 18 and 21, in each instance, strike the brackets; strike in their entirety lines 19 and 20; in line 21, strike “(12)”;

after line 22, insert:
“21-123.

(e) (1) The Board of Trustees may commingle assets of the several systems, INCLUDING THE POSTRETIREMENT HEALTH BENEFITS TRUST FUND, if the Board of Trustees keeps [six] SEVEN sets of records that show:

(i) the percentage of participation of each State system or group of State systems, INCLUDING THE POSTRETIREMENT HEALTH BENEFITS TRUST FUND;

(ii) the percentage of income, gains, and losses applicable to each State system or group of State systems, INCLUDING THE POSTRETIREMENT HEALTH BENEFITS TRUST FUND; and

(iii) the total contributions and disbursements applicable to each State system or group of State systems, INCLUDING THE POSTRETIREMENT HEALTH BENEFITS TRUST FUND.

(2) The Board of Trustees shall keep records required by paragraph (1) of this subsection for each of the following:

(i) the group that consists of the Correctional Officers' Retirement System, the Employees' Pension System, the Employees' Retirement System, and the Legislative Pension Plan;

(ii) the Judges' Retirement System;

(iii) the Local Fire and Police System;

(iv) the Law Enforcement Officers' Pension System;

(v) the State Police Retirement System; [and]

(vi) the group that consists of the Teachers' Pension System and the Teachers' Retirement System; AND

(VII) THE POSTRETIREMENT HEALTH BENEFITS TRUST FUND.”;

in lines 23, 25, and 28, in each instance, strike “FUNDING SYSTEM” and substitute “BENEFITS TRUST FUND”; in line 26, strike “SYSTEM” and substitute “POSTRETIREMENT HEALTH BENEFITS TRUST FUND”; in the same line, after “ESTABLISHED” insert “AS A TAX-EXEMPT TRUST,”; in the same line, strike “§ 401(H)” and substitute “§ 115”; and in line 27, after “CODE”

insert "OR OTHER APPLICABLE FEDERAL STATUTE".

AMENDMENT NO. 3

On page 3, in line 3, after the third comma insert "OR SIMILAR FEDERAL SUBSIDY RECEIVED AS A RESULT OF THE STATE'S PRESCRIPTION DRUG PROGRAM,"; in line 4, strike "ACCUMULATION FUND OF THE"; in line 5, strike "FUNDING SYSTEM" and substitute "BENEFITS TRUST FUND"; after line 5, insert:

"(E) (1) THE BOARD OF TRUSTEES ARE THE TRUSTEES OF THE POSTRETIREMENT HEALTH BENEFITS TRUST FUND.

(2) NOTWITHSTANDING ANY OTHER PROVISION OF LAW:

(I) THE BOARD OF TRUSTEES SHALL HAVE FULL POWER TO INVEST AND MANAGE THE ASSETS OF THE POSTRETIREMENT HEALTH BENEFITS TRUST FUND TO ACHIEVE THE STATUTORY PURPOSE OF THE FUND; AND

(II) EACH MEMBER OF THE BOARD OF TRUSTEES SHALL DISCHARGE THE MEMBER'S DUTIES WITH RESPECT TO THE POSTRETIREMENT HEALTH BENEFITS TRUST FUND AS A FIDUCIARY AND BE INDEMNIFIED IN ACCORDANCE WITH THE PROVISIONS OF TITLE 21, SUBTITLE 2 OF THIS ARTICLE.

(3) THE BOARD OF TRUSTEES MAY INCUR REASONABLE INVESTMENT EXPENSES PAYABLE FROM THE ASSETS OF THE POSTRETIREMENT HEALTH BENEFITS TRUST FUND, AND IN ACCORDANCE WITH § 21-315(D) OF THIS ARTICLE, FOR:

(I) SERVICES OF MANAGERS TO INVEST THE ASSETS OF THE POSTRETIREMENT HEALTH BENEFITS TRUST FUND;

(II) SERVICES OF ONE OR MORE DULY QUALIFIED BANKS OR TRUST COMPANIES FOR THE SAFE CUSTODY OF THE INVESTMENTS AND BANKING SERVICES; AND

(III) ANY OTHER SERVICE THAT THE BOARD OF TRUSTEES DEEMS REASONABLE AND NECESSARY IN CONNECTION WITH THE INVESTMENTS OF

THE POSTRETIREMENT BENEFITS TRUST FUND.

(4) (I) THE BOARD OF TRUSTEES MAY INCUR REASONABLE ADMINISTRATIVE EXPENSES PAYABLE FROM THE ASSETS OF THE POSTRETIREMENT HEALTH BENEFITS TRUST FUND.

(II) ADMINISTRATIVE EXPENSES PAID UNDER SUBPARAGRAPH (I) OF THIS PARAGRAPH MAY NOT EXCEED AN AMOUNT EQUAL TO THE AMOUNT OF ADMINISTRATIVE EXPENSES PAID BY THE BOARD OF TRUSTEES UNDER § 21-315(C) OF THIS ARTICLE MULTIPLIED BY A FRACTION:

1. THE NUMERATOR OF WHICH EQUALS THE TOTAL ASSETS OF THE POSTRETIREMENT HEALTH BENEFITS TRUST FUND; AND

2. THE DENOMINATOR OF WHICH EQUALS THE COMBINED TOTAL ASSETS OF THE SEVERAL SYSTEMS AND THE POSTRETIREMENT HEALTH BENEFITS TRUST FUND.

(5) THE BOARD OF TRUSTEES IS NOT SUBJECT TO DIVISION II OF THE STATE FINANCE AND PROCUREMENT ARTICLE FOR:

(I) OBTAINING SERVICES OF MANAGERS TO INVEST THE ASSETS OF THE POSTRETIREMENT HEALTH BENEFITS TRUST FUND; AND

(II) EXPENDITURES TO MANAGE, MAINTAIN, AND ENHANCE THE VALUE OF THE ASSETS OF THE POSTRETIREMENT HEALTH BENEFITS TRUST FUND.”;

in lines 6, 9, 12, and 21, strike “(E)”, “(F)”, “(G)”, and “(H)”, respectively, and substitute “(F)”, “(G)”, “(H)”, and “(I)”, respectively; in lines 6 and 11, in each instance, strike “FUNDING SYSTEM” and substitute “BENEFITS TRUST FUND”; in line 6, before the first “THE” insert “TO THE EXTENT POSSIBLE,”; strike beginning with “OTHER” in line 7 down through “SYSTEM” in line 8 and substitute “SEVERAL SYSTEMS”; in line 10, strike “THE ACCUMULATION FUND

(Over)

OF”; and strike beginning with “STATE” in line 12 down through “SYSTEM” in line 13 and substitute “BOARD OF TRUSTEES”.

AMENDMENT NO. 4

On page 3, in line 17, strike “FUNDING SYSTEM” and substitute “BENEFITS TRUST FUND”; strike beginning with “FUNDING” in line 23 down through “SYSTEM” in line 24 and substitute “BENEFITS TRUST FUND”; and after line 24, insert:

“(J) ON OR BEFORE OCTOBER 1, 2007, AND ON OR BEFORE OCTOBER 1 THEREAFTER, THE BOARD OF TRUSTEES SHALL PUBLISH AN ANNUAL CONSOLIDATED REPORT THAT INCLUDES:

(1) THE FISCAL TRANSACTIONS OF THE POSTRETIREMENT HEALTH BENEFITS TRUST FUND FOR THE PRECEDING FISCAL YEAR; AND

(2) THE AMOUNT OF THE ACCUMULATED CASH, SECURITIES, AND OTHER ASSETS OF THE POSTRETIREMENT HEALTH BENEFITS TRUST FUND.”.