

BY: Budget and Taxation Committee

AMENDMENTS TO HOUSE BILL NO. 760, AS AMENDED
(Third Reading File Bill)

AMENDMENT NO. 1

Strike the Budget and Taxation Committee Amendments (HB0760/389937/1), in their entirety.

AMENDMENT NO. 2

On page 1 of the bill, in line 2, strike "State Police Retirement System -"; in lines 4, 6, 8, 14, 17, and 18, in each instance, before "State" insert "Law Enforcement Officers' Pension System or"; and in line 12, after the semicolon insert "providing that the period of time certain members of the Law Enforcement Officers' Pension System may participate in the Deferred Retirement Option Program be applied retroactively; requiring that a member of the Law Enforcement Officers' Pension System or State Police Retirement System shall be a certain age if the member elects to participate in the DROP retroactively;".

On page 2 of the bill, in line 1, before "State" insert "Law Enforcement Officers' Pension System or".

AMENDMENT NO. 3

On page 3 of the bill, after line 12, insert:

"(2) A member may only participate in the DROP retroactively if the member is at least 57 years old on or before July 1, 2005."

in lines 13, 20, and 24, strike "(2)", "(3)", and "(4)", respectively, and substitute "(3)", "(4)", and "(5)", respectively; in line 15, after the semicolon insert "or"; strike in their entirety lines 16 through 18, inclusive; and in line 19, strike "(iii)" and substitute "(ii)".

On page 4 of the bill, in lines 1, 3, and 33, strike "(5)", "(6)" and "(7)", respectively, and

(Over)

substitute “(6)”, “(7)” and “(8)”, respectively.

AMENDMENT NO. 4

On page 5 of the bill, after line 20, insert:

“SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) In this section, “DROP” means the Deferred Retirement Option Program established under § 26-401.1 of the State Personnel and Pensions Article.

(b) This section applies only to a member of the Law Enforcement Officers’ Pension System who:

(1) is a member of the Law Enforcement Officers’ Pension System on July 1, 2005;

(2) was a member of the Law Enforcement Officers’ Pension System on or before July 1, 2000; and

(3) had accrued more than 25 years of eligibility service as of July 1, 2000, preventing the member from participating in the DROP for 5 years.

(c) (1) An eligible member who elects to participate in the DROP shall:

(i) complete and submit a written election form to the Board of Trustees on or before December 31, 2005, on the form that the Board of Trustees provides, stating:

1. the member’s intention to participate in the DROP;

2. the date when the member desires to retire;

3. the period that the member desires to participate in the DROP;

4. the date when the member intends to terminate employment with the State in the form of a binding letter of resignation accepted by the Secretary or the Secretary’s designee of the Department for which the member is employed; and

5. any other information required by the Board of Trustees to implement the DROP; and

(ii) complete and submit a written retirement application form to the Board of Trustees, on the form that the Board of Trustees provides.

(2) An eligible member's election to participate in the DROP is irrevocable.

(d) The DROP period is the period elected by the member under subsection (f)(2) of this section.

(e) An eligible member may elect to participate in the DROP retroactively.

(f) (1) A member may only participate in the DROP retroactively if the member is at least 56 years old on or before July 1, 2005.

(2) A member who participates in the DROP retroactively, may elect to participate in the DROP for a period not to exceed the lesser of:

(i) 4 years; or

(ii) a term selected by the member.

(3) (i) The DROP period ends on the date the member submits a DROP application to the Board of Trustees.

(ii) The start date for the DROP period is the date that precedes the member's application date by the number of days in the DROP period.

(4) (i) The Board of Trustees shall determine the member's normal service retirement allowance under § 26-401 of the State Personnel and Pensions Article, as of the member's date of retirement under paragraph (3)(ii) of this subsection.

(ii) For the period that a member retroactively participates in the DROP, the Board of Trustees shall:

(Over)

1. adjust the member's normal service retirement allowance for each fiscal year as provided in Title 29, Subtitle 4, Part III of the State Personnel and Pensions Article that is included in the DROP period; and

2. calculate any interest retroactively, that would have accrued on the amounts calculated under item 1 of this subparagraph for the member into the DROP at the rate of 6% a year, compounded monthly.

(5) Any creditable service or eligibility service that the member has received during the DROP period is forfeited by the member.

(6) (i) Upon approving the member's application under subsection (c) of this section, the Board of Trustees shall pay in a lump sum to the member or, if the member has died, the designated beneficiary of the member:

1. the amount determined under paragraph (4)(ii) of this subsection; and

2. any member contributions the member made during the DROP period, plus regular interest.

(ii) Any payments made under this subsection shall be reduced by any withholding taxes remitted to the Internal Revenue Service or other taxing authority.

(iii) The designated beneficiary of a member is:

1. the member's surviving spouse;

2. if there is not a surviving spouse or if the surviving spouse dies before the youngest child is 18 years old, each child of the deceased member who is under 18 years old; or

3. if there is not a surviving spouse or a child who is under 18 years old, the person named as a beneficiary in an acknowledged written designation filed with the

Board of Trustees by the member.

(iv) A member or designated beneficiary of a member may direct the Board of Trustees to pay all or a portion of the amount under subparagraph (i) of this paragraph directly to the custodian of an eligible retirement plan as provided in Title 21, Subtitle 6 of the State Personnel and Pensions Article.

(v) A member or designated beneficiary of a member is eligible to receive the amount due under this subsection within 90 days after the:

1. date the Board of Trustees approves the member's application to participate retroactively in the DROP; and

2. receipt by the Board of Trustees of any other information that the Board of Trustees requires to process payments under subparagraph (i) of this paragraph to the member, the designated beneficiary of the member, or the custodian of an eligible retirement plan.

(7) (i) Except as provided in subparagraph (ii) of this paragraph, as of the first day of the month following the date the Board of Trustees approves the member's retroactive participation in the DROP, the Board of Trustees shall commence and continue payment of the normal service retirement allowance, including the cost-of-living adjustments as provided in Title 29, Subtitle 4, Part III of the State Personnel and Pensions Article, to the member as provided in §§ 26-401 and 26-402 of the State Personnel and Pensions Article.

(ii) If a member dies before the Board of Trustees approves the member's application to participate retroactively in the DROP, the Board of Trustees shall pay 50% of the normal service retirement allowance, including the cost-of-living adjustments as provided in Title 29, Subtitle 4, Part III of the State Personnel and Pensions Article, to the beneficiary as provided in § 26-402 of the State Personnel and Pensions Article."

AMENDMENT NO. 5

On page 5 of the bill, in line 21, strike "2." and substitute "3.".

(Over)