

Department of Legislative Services
 Maryland General Assembly
 2005 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1585

(Delegate James)

Appropriations

Budget and Taxation

Retirement and Pensions - Service Retirement Allowance - Creditable Service

This pension bill provides that a desk officer of the House of Delegates or Senate of Maryland may receive up to five years service credit for time that the individual was in any State employee position but not a member of the Employees' Pension System (EPS) or the Employees' Retirement System (ERS). "Desk officer" means: (1) the Chief Clerk, Assistant Chief Clerk, and the Journal Clerk of the House of Delegates; (2) the Secretary, Assistant Secretary, and Journal Clerk of the Senate; and (3) any desk officer who retired from the General Assembly on or after January 1, 2005.

The bill is effective from July 1, 2005 to December 31, 2005.

Fiscal Summary

State Effect: State pension liabilities would increase by \$138,600 to reflect the increased service credit for these individuals. Amortized over 25 years, this results in a first-year (FY 2007) cost of \$8,300.

(in dollars)	FY 2006	FY 2007	FY 2008	FY 2009	FY 2010
Revenues	\$0	\$0	\$0	\$0	\$0
GF/SF/FF Exp.	0	8,300	8,700	9,100	9,400
Net Effect	\$0	(\$8,300)	(\$8,700)	(\$9,100)	(\$9,400)

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

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: Pursuant to Chapter 532 of 2004, all desk officers of the General Assembly hired on or after July 1, 2004 must participate in EPS as a condition of employment. While desk officers have been eligible for participation in EPS since its inception in 1980, membership was optional. This bill would grant up to five years service credit to those desk officers for their years of employment prior to electing to join EPS.

To purchase service, desk officers must (like all members of EPS) pay all employee and employer contributions for the service credit purchased, at the time of retirement.

The State Retirement Agency advises that there are two current desk officers and one retired desk officer who may be eligible for credit under this bill. The average salary is estimated at \$45,800.

State Fiscal Effect: The State's actuary informally estimates that the additional service credit granted by the bill will increase State pension liabilities by \$138,600. Amortized over 25 years, this results in a first-year (fiscal 2007) cost of \$8,340.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Milliman USA, Maryland State Retirement Agency, Department of Legislative Services

Fiscal Note History: First Reader - March 23, 2005
mll/jr Revised - House Third Reader - April 9, 2005

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