

BY: Conference Committee

AMENDMENTS TO SENATE BILL NO. 1019
(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, strike “Employees’ and Teachers’ Pension Systems - Pension Benefit Enhancement” and substitute “State Employees’ and Teachers’ Retirement Enhancement Benefit Act of 2006”; strike beginning with “stating” in line 10 down through “date;” in line 16 and substitute “authorizing certain governmental units that participate in the Employees’ Pension System to elect to participate in the alternate contributory pension selection under this Act; providing that the election by a participating governmental unit to participate is irrevocable; providing for a certain purchase of service credit by certain employees of participating governmental units that elect to participate in the alternate contributory pension selection under this Act; requiring the Joint Committee on Pensions to commission a certain study by an actuarial consulting firm on or before a certain date and periodically thereafter; requiring that the findings of the actuarial consulting firm be submitted to the Joint Committee on Pensions on or before a certain date of certain years; requiring the State actuary to prepare a certain evaluation on or before a certain date; defining a certain term;”; and in line 21, strike “and 23-401” and substitute “23-401, and 31-112”.

On page 2, in line 5, after “Section” insert “21-125.1;” and in line 6, after “Selection”, insert “; 23-307.5, and 31-116.1”.

AMENDMENT NO. 2

On page 2, after line 11, insert:

“21-125.1.

(A) BEGINNING ON OR BEFORE SEPTEMBER 1, 2008, AND EVERY 5 YEARS THEREAFTER, THE JOINT COMMITTEE ON PENSIONS SHALL COMMISSION AN ACTUARIAL CONSULTING FIRM TO CONDUCT A STUDY OF THE SEVERAL SYSTEMS IN ADDITION TO THE ACTUARIAL INVESTIGATION AND VALUATION PERFORMED BY

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THE ACTUARY UNDER § 21-125 OF THIS SUBTITLE AND A COMPARISON OF THE SEVERAL SYSTEMS WITH OTHER SIMILARLY SITUATED PUBLIC PENSION PLANS.

(B) THE ACTUARIAL CONSULTING FIRM SHALL CONSIDER THE FOLLOWING ISSUES WITH REGARD TO THE SEVERAL SYSTEMS AND OTHER SIMILARLY SITUATED PUBLIC PENSION PLANS:

(1) THE FUNDING STATUS OF THE STATE RETIREMENT AND PENSION SYSTEM, INCLUDING ITS CURRENT UNFUNDED ACCRUED LIABILITY;

(2) THE COMPOSITION OF THE SEVERAL SYSTEMS, INCLUDING:

(I) THE NUMBER OF ACTIVE MEMBERS, RETIREES, DISABILITY RETIREES, AND BENEFICIARIES OF ALL RETIREES;

(II) THE AVERAGE ANNUAL SALARIES OF THE ACTIVE MEMBERS IN THE VARIOUS PLANS IN THE STATE RETIREMENT AND PENSION SYSTEM;

(III) THE AVERAGE ANNUAL BENEFITS OF THE RETIREES AND BENEFICIARIES OF THE STATE RETIREMENT AND PENSION SYSTEM; AND

(IV) THE AVERAGE AGE AND YEARS OF SERVICE OF ACTIVE MEMBERS RETIRING FROM THE VARIOUS PLANS IN THE STATE RETIREMENT AND PENSION SYSTEM; AND

(3) THE BENEFIT LEVELS PROVIDED BY THE VARIOUS STATE SYSTEMS, INCLUDING A COMPARISON OF MEMBER CONTRIBUTION RATES AND THE ACCRUAL RATES.

(C) THE FINDINGS OF THE ACTUARIAL CONSULTING FIRM SHALL BE SUBMITTED TO THE JOINT COMMITTEE ON PENSIONS ON OR BEFORE DECEMBER 31, OF THE YEAR OF STUDY, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE.”;

and in line 25, strike the second comma.

AMENDMENT NO. 3

On page 2, strike beginning with the second “OF” in line 19 down through the second “SYSTEM” in line 20; and strike beginning with “ON” in line 22 down through “2007” in line 23 and substitute “FROM JULY 1, 2006 TO JUNE 30, 2007, BOTH INCLUSIVE”.

AMENDMENT NO. 4

On page 3, strike beginning with “OF” in line 10 down through “SYSTEM” in line 11; after line 16, insert:

“(A) IN THIS SECTION, “ACTIVE MEMBER” MEANS A MEMBER WHO IS NOT SEPARATED FROM EMPLOYMENT WITH THE STATE OR A PARTICIPATING EMPLOYER OF THE STATE.”;

in lines 17 and 20, strike “(A)” and “(B)”, respectively, and substitute “(B)” and “(C)”, respectively; in line 17, strike “(B)” and substitute “(C)”; in line 18, strike “IS A” and substitute “ON OR AFTER JUNE 30, 2006, IS”;

(1) AN ACTIVE”;

in line 19, strike “SYSTEM ON OR AFTER JULY 1, 2006” and substitute “SYSTEM; OR”

(2) A MEMBER OF THE TEACHERS’ RETIREMENT SYSTEM OR EMPLOYEES’ RETIREMENT SYSTEM WHO IS SUBJECT TO SELECTION C (COMBINATION FORMULA) AS PROVIDED IN § 22-221 OF THIS ARTICLE”;

in line 20, strike “TO” and substitute “TO”:

(1)”;

in line 21, after “SYSTEM” insert “THAT HAS NOT ELECTED TO PARTICIPATE IN THE ALTERNATE CONTRIBUTORY PENSION SELECTION UNDER § 31-116.1 OF THIS”

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ARTICLE"; and in line 23, strike "SYSTEM." and substitute "SYSTEM; OR

(2) A MEMBER OF THE EMPLOYEES' PENSION SYSTEM OR THE TEACHERS' PENSION SYSTEM WHO TRANSFERRED FROM THE EMPLOYEES' RETIREMENT SYSTEM OR THE TEACHERS' RETIREMENT SYSTEM AFTER APRIL 1, 1998.".

AMENDMENT NO. 5

On page 4, after line 6, insert:

"23-307.5.

(A) THIS SECTION APPLIES ONLY TO A FORMER MEMBER, MEMBER, RETIREE, OR SURVIVING BENEFICIARY OF THE EMPLOYEES' PENSION SYSTEM WHO, WHILE A MEMBER, WAS AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT THAT ELECTED THE ALTERNATE CONTRIBUTORY PENSION SELECTION FOR ITS EMPLOYEES UNDER § 31-116.1 OF THIS ARTICLE.

(B) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, A MEMBER WHO IS SUBJECT TO THE ALTERNATE CONTRIBUTORY PENSION SELECTION UNDER SUBTITLE 2, PART III OF THIS TITLE MAY PURCHASE CREDIT FOR ELIGIBILITY SERVICE FOR THE PERIOD OF EMPLOYMENT FROM JULY 1, 2006, THROUGH THE EFFECTIVE DATE OF ELECTION OF THE MEMBER'S PARTICIPATING EMPLOYER, BY PAYING TO THE BOARD OF TRUSTEES:

(1) ON OR BEFORE JUNE 30, 2007, THE AMOUNT THE MEMBER WOULD HAVE BEEN REQUIRED TO CONTRIBUTE FOR THAT PERIOD OF EMPLOYMENT; OR

(2) ON OR AFTER JULY 1, 2007, THE AMOUNT THE MEMBER WOULD HAVE BEEN REQUIRED TO CONTRIBUTE FOR THAT PERIOD OF EMPLOYMENT PLUS REGULAR INTEREST COMPOUNDED ANNUALLY.

(C) IF THE MEMBER FAILS TO MAKE THE PAYMENT AS PROVIDED UNDER SUBSECTION (B) OF THIS SECTION, THE BOARD OF TRUSTEES SHALL REDUCE ACTUARIALLY THE ALLOWANCE PAYABLE TO A FORMER MEMBER, RETIREE, OR SURVIVING BENEFICIARY OF A DECEASED MEMBER, FORMER MEMBER, OR

RETIREE.”.

AMENDMENT NO. 6

On page 5, in line 13, after “(d)” insert “EXCEPT AS PROVIDED IN SUBSECTION (E) OF THIS SECTION.”; in line 16, after “(1)” insert “THE GREATER OF:

(I)”;

and in line 18, strike “AND” and substitute “OR

(II) THE NUMBER OF YEARS OF THE MEMBER’S CREDITABLE SERVICE ON OR BEFORE JUNE 30, 1998 MULTIPLIED BY:

1. 0.8% OF THE MEMBER’S AVERAGE FINAL COMPENSATION THAT IS NOT IN EXCESS OF THE SOCIAL SECURITY INTEGRATION LEVEL; AND

2. 1.5% OF THE MEMBER’S AVERAGE FINAL COMPENSATION THAT EXCEEDS THE SOCIAL SECURITY INTEGRATION LEVEL; AND”.

AMENDMENT NO. 7

On page 5, after line 33, insert:

“31-112.

(a) Subject to subsection (b) of this section, an employee of a participating governmental unit who is a member of one of the employees’ systems is entitled to the benefits to which State employees are entitled under that system.

(b) (1) An employee of a participating governmental unit that has elected to participate in:

(I) the contributory pension benefit option under § 31-116 of this subtitle shall be subject to Title 23, Subtitle 2, Part II of this article; OR

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(II) THE ALTERNATE CONTRIBUTORY BENEFIT SELECTION UNDER § 31-116.1 OF THIS SUBTITLE SHALL BE SUBJECT TO TITLE 23, SUBTITLE 2, PART III OF THIS ARTICLE.

(2) An employee of a participating governmental unit that has not elected to participate in:

(I) the contributory pension benefit option under § 31-116 of this subtitle is not subject to Title 23, Subtitle 2, Part II of this article; OR

(II) THE ALTERNATE CONTRIBUTORY BENEFIT SELECTION UNDER § 31-116.1 OF THIS SUBTITLE IS NOT SUBJECT TO TITLE 23, SUBTITLE 2, PART III OF THIS ARTICLE.

31-116.1.

(A) ON OR BEFORE JUNE 30, 2007, A PARTICIPATING GOVERNMENTAL UNIT MAY ELECT TO PROVIDE ITS EMPLOYEES WITH THE ALTERNATE CONTRIBUTORY PENSION SELECTION UNDER TITLE 23, SUBTITLE 2, PART III OF THIS ARTICLE BY SUBMITTING ITS ELECTION ON A FORM PROVIDED BY THE STATE RETIREMENT AGENCY.

(B) AN ELECTION BY A PARTICIPATING GOVERNMENTAL UNIT UNDER THIS SECTION IS IRREVOCABLE.

(C) (1) IF A PARTICIPATING GOVERNMENTAL UNIT ELECTS TO PROVIDE ITS EMPLOYEES WITH THE ALTERNATE CONTRIBUTORY PENSION SELECTION UNDER TITLE 23, SUBTITLE 2, PART III OF THIS ARTICLE, AN EMPLOYEE OF THE PARTICIPATING GOVERNMENTAL UNIT WHO IS A MEMBER OF THE EMPLOYEES' PENSION SYSTEM SHALL BE ENTITLED TO THE BENEFITS AS PROVIDED IN § 23-222 OF THIS ARTICLE, EFFECTIVE ON THE LATER OF JULY 1, 2006, OR THE DATE THE EMPLOYEE BECAME A MEMBER OF THE EMPLOYEES' PENSION SYSTEM, UNLESS THE EMPLOYEE TRANSFERRED TO THE EMPLOYEES' PENSION SYSTEM FROM THE EMPLOYEES' RETIREMENT SYSTEM OR TEACHERS' RETIREMENT SYSTEM AFTER

APRIL 1, 1998.

(2) IF AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT TRANSFERRED TO THE EMPLOYEES' PENSION SYSTEM FROM THE EMPLOYEES' RETIREMENT SYSTEM OR TEACHERS' RETIREMENT SYSTEM AFTER APRIL 1, 1998, THE EMPLOYEE IS NOT SUBJECT TO TITLE 23, SUBTITLE 2, PART III OF THIS ARTICLE AND IS NOT ENTITLED TO THE BENEFITS AS PROVIDED IN § 23-222 OF THIS ARTICLE."

On pages 5 and 6, strike in their entirety the lines beginning with line 34 on page 5 through line 10 on page 6, inclusive, and substitute:

"SECTION 2. AND BE IT FURTHER ENACTED, That, on or before August 1, 2006, the State Actuary shall prepare an evaluation of the Employees' Pension System to reflect the actuarial cost of the alternate contributory pension selection enacted under this Act to the participating governmental units that are participating in the Employees' Pension System on or before July 1, 2006."

(Over)