

Department of Legislative Services
Maryland General Assembly
2007 Session

FISCAL AND POLICY NOTE

House Bill 1013
Appropriations

(Delegate James)

Budget and Taxation

Governor's Pension Plan - Surviving Spouse Benefits

This bill allows the surviving spouse of a former Governor to receive a monthly retirement allowance equal to 50% of the benefit due to the former Governor regardless of the former Governor's age at the time of death. The spouse's benefit is calculated as if the former Governor had served one full term and reached retirement age.

The bill takes effect July 1, 2007.

Fiscal Summary

State Effect: No effect on State pension liabilities or contribution rates.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: At age 55, former Governors who serve one full term are entitled to a retirement allowance equal to one-third of the annual salary of the current Governor. Former Governors who serve two full terms are entitled to 50% of the salary of the current Governor. A Governor who leaves office due to physical or mental incapacity receives an immediate retirement allowance equal to the allowance for a Governor who serves one full term and reaches age 55.

When a retired former Governor dies, the spouse is entitled to a monthly benefit equal to half of the former Governor's allowance. However, if the former Governor dies before reaching age 55, the spouse is not entitled to any allowance.

State Fiscal Effect: Of the five living former Governors of Maryland, only one is under age 55. The salary of the current Governor of Maryland is \$150,000. The former Governor is therefore entitled to an annual benefit of \$50,000 at age 55. If that former Governor dies before age 55 in 2011, his wife would be entitled to half of that amount, or \$25,000 annually.

Additional Information

Prior Introductions: None.

Cross File: None, but SB 744 is an identical bill.

Information Source(s): Department of Legislative Services

Fiscal Note History: First Reader - February 22, 2007
ncs/jr

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