

**Department of Legislative Services**  
Maryland General Assembly  
2009 Session

**FISCAL AND POLICY NOTE**

House Bill 1051  
Appropriations

(Delegate Griffith)

Budget and Taxation

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**Employees' Pension System - Service Retirement Allowance - Creditable Service**

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This bill allows a permanent employee of the City of Annapolis to receive creditable service in the Employees' Pension System (EPS) for the time the individual was a contractual employee but made employee contributions to EPS and on whose behalf the City of Annapolis made employer contributions.

The bill takes effect July 1, 2009, and terminates December 31, 2009.

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**Fiscal Summary**

**State Effect:** None. The bill relates to employees of the City of Annapolis.

**Local Effect:** None. The City of Annapolis has already made the necessary employer contributions on behalf of the affected employees.

**Small Business Effect:** None.

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**Analysis**

**Current Law:** The City of Annapolis participates in EPS as a participating governmental unit (PGU).

Contractual employees are not eligible to participate in EPS, but upon becoming regular employees may elect to purchase up to 10 years of service credit for time spent as a contractual employee at full cost (both employee and employer contributions).

**Background:** The State Retirement Agency (SRA) is aware of two individuals who qualify for the benefits provided by the bill. Both individuals worked as contractual employees for the City of Annapolis but were mistakenly enrolled in EPS as regular employees. During the period they worked as contractual employees, they made employee contributions to EPS, and the City of Annapolis made employer contributions on their behalf. The error was discovered during a regular SRA audit of PGU records. One employee has two years of contractual service and the other has five years of contractual service. Both individuals now work for the city as regular employees.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** City of Annapolis, Mercer Human Resources Consulting, Maryland State Retirement Agency, Department of Legislative Services

**Fiscal Note History:** First Reader - February 22, 2009  
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Analysis by: Michael C. Rubenstein

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510