

Department of Legislative Services
Maryland General Assembly
2009 Session

FISCAL AND POLICY NOTE
Revised

Senate Bill 226 (Senator McFadden)(Chair, Joint Committee on Pensions)

Budget and Taxation

Appropriations

State Retirement and Pension System - Participating Governmental Units

This bill requires employees of local governments whose employer opts to participate in a State retirement or pension plan as a participating governmental unit (PGU) to elect participation by the effective date of the authorizing legislation. It also redefines “local pension system” for PGUs that withdraw from a State plan to include the Law Enforcement Officers’ Pension System (LEOPS), the Correctional Officers’ Retirement System (CORS), the Employees’ Retirement System (ERS), or the Employees’ Pension System (EPS).

The bill takes effect July 1, 2009.

Fiscal Summary

State Effect: None. The changes are procedural and do not affect governmental finances.

Local Effect: None. The changes are procedural and do not affect local government finances.

Small Business Effect: None.

Analysis

Current Law: Local government employees whose employer elects to participate in a State plan as a PGU typically have either six months or one year from the effective date of the authorizing legislation to elect to participate in the State plan. If they do not elect to participate within that timeframe, their prior service with their local government employer cannot be transferred to the State plan.

For withdrawing PGUs, local pension systems are defined as those retirement or pension plans that local governments administered on behalf of their employees before they elected to join either ERS or EPS. Both LEOPS and CORS allow PGUs to participate, but they are not included in the definition.

Background: Originally, PGUs could elect to participate in either ERS or EPS. Within the past decade, however, both LEOPS and CORS have been opened to PGU participation. Sections of State law governing withdrawal from State plans have not kept pace with these changes.

The lag times between enactment of authorizing legislation and mandatory enrollment by employees of local government employers who elected to participate in a State plan were instituted to allow time for employers and the State Retirement Agency to provide information to prospective members and to collect necessary enrollment forms. Recent improvements in the dissemination of information, which often begins even before authorizing legislation is introduced, should give PGU employees sufficient time between enactment of the authorizing legislation and its effective date to make their enrollment decisions.

Additional Information

Prior Introductions: None.

Cross File: HB 473 (Delegate Griffith, *et al.*) (Chair, Joint Committee on Pensions) - Appropriations.

Information Source(s): Dorchester County, Garrett County, Anne Arundel County, Baltimore County, Howard County, Mercer Human Resources Consulting, Maryland Association of Counties, Montgomery County, Maryland State Retirement Agency, Department of Legislative Services

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