

SENATE BILL 317

K4

EMERGENCY BILL

0lr0816
CF 0lr1294

By: **Senators McFadden, Kasemeyer, Astle, Conway, Currie, DeGrange, Dyson, Exum, Forehand, Frosh, Garagiola, Harrington, Jones, Kelley, King, Klausmeier, Kramer, Lenett, Madaleno, Middleton, Miller, Munson, Peters, Pinsky, Pugh, Raskin, Robey, and Stone**

Introduced and read first time: January 27, 2010

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System – Retirees and Beneficiaries of**
3 **Retirees – Annual Retirement Allowance Adjustments**

4 FOR the purpose of providing that certain annual retirement allowance adjustments
5 shall be a certain amount under certain circumstances; requiring the Board of
6 Trustees for the State Retirement and Pension System to conduct a certain
7 study regarding the effects of a certain Consumer Price Index on other public
8 state pension plans; requiring the Board of Trustees to submit a report to the
9 Senate Budget and Taxation Committee, the House Appropriations Committee,
10 and the Joint Committee on Pensions by a certain date; defining certain terms;
11 making this Act an emergency measure; and generally relating to annual
12 retirement allowance adjustments for retirees of the several systems of the
13 State Retirement and Pension System.

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
15 MARYLAND, That, notwithstanding any other provision of law:

16 (a) (1) In this section the following words have the meanings indicated.

17 (2) “Adjustment” means the dollar amount by which either the current
18 allowance or initial allowance of an individual is adjusted on July 1 of each year under
19 § 24–401(e) and Title 29, Subtitle 4 of the State Personnel and Pensions Article.

20 (3) “Current allowance” means the retirement allowance that an
21 individual is receiving on June 30, 2010.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (4) “Individual” means a former member, retiree, or surviving
2 beneficiary of a deceased member, former member or retiree of the several systems of
3 the State Retirement and Pension System.

4 (5) “Initial allowance” means:

5 (i) the retirement allowance computed at the time of a
6 retirement of a former member or retiree of the several systems of the State
7 Retirement and Pension System, including any modifications to the retirement
8 allowance to reflect a retiree’s election to receive an optional form of allowance as
9 provided under § 21–403 of the State Personnel and Pensions Article; or

10 (ii) the retirement allowance for a surviving beneficiary of a
11 deceased member, former member, or retiree of the several systems of the State
12 Retirement and Pension System computed at the time of death of the member, former
13 member, or retiree.

14 (b) (1) This subsection applies to any individual who is subject to an
15 annual retirement allowance adjustment under § 24–401(e) of the State Personnel and
16 Pensions Article.

17 (2) If the fraction described under § 24–401(e)(2) of the State
18 Personnel and Pensions Article that is used in the calculation to adjust an individual’s
19 current allowance on July 1, 2010, is less than one, the adjustment to the current
20 allowance shall equal \$0.00 on July 1, 2010.

21 (c) (1) This subsection applies to any individual who is subject to an
22 annual retirement allowance adjustment under Title 29, Subtitle 4, Part II of the
23 State Personnel and Pensions Article.

24 (2) If the fraction calculated under § 29–406 of the State Personnel
25 and Pensions Article that is used in the calculation to adjust an individual’s initial
26 allowance on July 1, 2010, is determined to be a negative fraction, the adjustment
27 under § 29–406 of the State Personnel and Pensions Article to the current allowance
28 shall equal \$0.00 on July 1, 2010.

29 (d) (1) This subsection applies to any individual who is subject to an
30 annual retirement allowance adjustment under Title 29, Subtitle 4, Part IV of the
31 State Personnel and Pensions Article.

32 (2) If the fraction used to determine the rate under § 29–418 of the
33 State Personnel and Pensions Article that is used in the calculation to adjust an
34 individual’s current allowance on July 1, 2010, is less than one, the adjustment to the
35 current allowance shall equal \$0.00 on July 1, 2010.

36 (e) (1) This subsection applies to any individual who is subject to an
37 annual retirement allowance adjustment under Title 29, Subtitle 4, Part V of the State
38 Personnel and Pensions Article.

1 (2) (i) If the fraction calculated under § 29–422(b)(1) of the State
2 Personnel and Pensions Article that is used to adjust an individual’s initial allowance
3 on July 1, 2010, is less than one, the adjustment to the current allowance for
4 creditable service earned prior to the date that the retiree elected Selection C, as
5 defined under § 22–221 of the State Personnel and Pensions Article, shall equal \$0.00
6 on July 1, 2010.

7 (ii) If the fraction used to determine the rate under §
8 29–422(b)(2) of the State Personnel and Pensions Article that is used in the calculation
9 to adjust an individual’s current allowance on July 1, 2010, is less than one, the
10 adjustment to the current allowance for creditable service earned on or after the date
11 that the retiree elected Selection C, as defined under § 22–221 of the State Personnel
12 and Pensions Article, shall equal \$0.00 on July 1, 2010.

13 (3) (i) If the fraction used to determine the rate under §
14 29–422(c)(1) of the State Personnel and Pensions Article that is used in the calculation
15 to adjust an individual’s current allowance on July 1, 2010, is less than one, the
16 adjustment to the current allowance for creditable service earned prior to the date that
17 the retiree elected Selection C, as defined under § 22–221 of the State Personnel and
18 Pensions Article, shall equal \$0.00 on July 1, 2010.

19 (ii) If the fraction used to determine the rate under §
20 29–422(c)(2) of the State Personnel and Pensions Article that is used in the calculation
21 to adjust an individual’s current allowance on July 1, 2010, is less than one, the
22 adjustment to the current allowance for creditable service earned on or after the date
23 that the retiree elected Selection C, as defined under § 22–221 of the State Personnel
24 and Pensions Article, shall equal \$0.00 on July 1, 2010.

25 (f) (1) This subsection applies to any individual who is subject to an
26 annual retirement allowance adjustment under Title 29, Subtitle 4, Part VI of the
27 State Personnel and Pensions Article.

28 (2) If the fraction used to determine the rate under § 29–427 of the
29 State Personnel and Pensions Article that is used in the calculation to adjust an
30 individual’s current allowance on July 1, 2010, is less than one, the adjustment to the
31 current allowance shall equal \$0.00 on July 1, 2010.

32 (g) (1) The Board of Trustees for the State Retirement and Pension
33 System shall study:

34 (i) the effects that the Consumer Price Index (All Urban
35 Consumers – United States City Average – All Items) as of December 31, 2009, as
36 published by the United States Department of Labor Bureau of Labor Statistics, had
37 on the annual retirement allowance adjustments applied to retirees of other public
38 state pension plans; and

1 (ii) the actions other public state pension plans have taken in
2 response to the effects that the Consumer Price Index (All Urban Consumers – United
3 States City Average – All Items) as of December 31, 2009, as published by the United
4 States Department of Labor Bureau of Labor Statistics, has had on the retirees and
5 beneficiaries of deceased retirees of these plans.

6 (2) On or before October 1, 2010, the Board of Trustees shall submit a
7 report in accordance with § 2–1246 of the State Government Article to the Senate
8 Budget and Taxation Committee, the House Appropriations Committee, and the Joint
9 Committee on Pensions that provides:

10 (i) a summary of its findings under paragraph (1) of this
11 subsection; and

12 (ii) recommendations to avoid benefit reductions to retirees of
13 the several systems when the annual Consumer Price Index results in a decrease in
14 annual retirement allowances for retirees and beneficiaries of deceased retirees of the
15 several systems of the State Retirement and Pension System.

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an emergency
17 measure, is necessary for the immediate preservation of the public health or safety,
18 has been passed by a yea and nay vote supported by three–fifths of all the members
19 elected to each of the two Houses of the General Assembly, and shall take effect from
20 the date it is enacted.