

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

Senate Bill 550
Budget and Taxation

(Senator McFadden)(Chair, Joint Committee on Pensions)
Appropriations

State Retirement and Pension System - Eligible Governmental Units

This bill requires governmental units that elect to participate in any of several retirement or pension systems administered by the State Retirement and Pension System (SRPS) to submit the necessary documentation to SRPS by July 1 of the first fiscal year following the unit's election to participate in a State system. If the documentation is not provided by the July 1 deadline, the unit's enrollment in the State system is delayed by one year. The bill also makes other clarifying and technical changes to the statute governing the participation of local governmental units in the State systems.

The bill takes effect July 1, 2010.

Fiscal Summary

State Effect: None. The bill affects only participating governmental units within SRPS.

Local Effect: Potential minimal. The bill affects only local governments that elect to participate in a retirement or pension plan administered by SRPS but do not provide the necessary documentation by the stated deadline. Their enrollment in the plan will be delayed by one year, which may affect local finances and their employees' retirement benefits.

Small Business Effect: None.

Analysis

Current Law: Local governments are eligible to participate in the Employees' Pension System, Law Enforcement Officers' Pension System, Correctional Officers' Retirement

System, and Local Fire and Police System, all of which are administered by SRPS. In most cases, participation by a local governmental unit requires the approval of 60% of the affected employees and the enactment of authorizing legislation by the unit's legislative body. Local government employees that are members of a local retirement or pension plan are not eligible to participate in a State plan.

The effective date of a unit's participation in a State system is July 1 of the fiscal year following the enactment of the authorizing legislation by the local legislative body.

Background: In recent years, a few local governments have elected to join a State system but failed to provide the necessary documentation (salaries, dates of birth, prior service credit, etc.) to SRPS by the July 1 effective date of their participation. These delays have disrupted the Maryland State Retirement Agency's ability to record and process payroll records.

There are currently approximately 120 State and local governmental units participating in State systems. On average, one or two local governments join a State system each year.

Additional Information

Prior Introductions: None.

Cross File: HB 1134 (Delegate Griffith, *et al.*) (Chair, Joint Committee on Pensions) – Appropriations.

Information Source(s): Caroline and Howard counties, Maryland State Retirement Agency, Department of Budget and Management, Department of Legislative Services

Fiscal Note History: First Reader - February 17, 2010
mr/rhh

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