

Department of Legislative Services  
Maryland General Assembly  
2010 Session

FISCAL AND POLICY NOTE

Senate Bill 894 (Senator McFadden)  
Budget and Taxation

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State Police Retirement System - Special Disability Retirement Allowance -  
Forfeiture

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This bill prevents a member or former member of the State Police Retirement System (SPRS) from applying for or receiving a special disability benefit if the member or former member pleads guilty, no defense, or receives probation before judgment (PBJ) to any of 16 criminal offenses specified in the bill.

The bill takes effect July 1, 2010.

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Fiscal Summary

**State Effect:** Potential negligible reduction in State pension liabilities and contribution rates to the extent that SPRS disability retirees may forfeit their disability allowance if convicted of a crime covered under the bill.

**Local Effect:** None.

**Small Business Effect:** None.

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Analysis

**Bill Summary:** If an individual receiving an SPRS special disability benefit pleads guilty, no defense, or receives PBJ to a specified criminal offense, the board must temporarily suspend the individual's special disability retirement allowance if the individual allegedly committed the crime while employed with the Department of State Police. After pleading guilty or no defense, or after being initially convicted of a crime, a retiree may not receive special disability benefits during the appeals process, and benefits

are terminated permanently once all appeals are exhausted and the individual's conviction stands. If a verdict of not guilty is rendered or charges are dropped or dismissed, a disability retiree is entitled to all benefits, including those that accrued during any temporary suspension.

A member or former member of SPRS is barred from applying for a special disability benefit if the member committed a criminal offense at any time while employed by the Department of State Police. If a special disability application is pending before the Board of Trustees of the State Retirement and Pension System, the board must temporarily suspend the application process. If a verdict of not guilty is rendered or the charges are dropped or dismissed, the member or former member may apply for special disability benefits, and any pending applications may be processed.

**Current Law:** There are no provisions in current law addressing the suspension or forfeiture of benefits for State Retirement and Pension System members or former members who commit a crime.

A member of SPRS is entitled to a special disability retirement if the member is totally and permanently incapacitated for duty in the course of performing in the line of duty, without willful negligence on the part of the member. In addition, the State Retirement and Pension System's medical board must certify that the member is totally incapacitated for duty, that the incapacity is likely to be permanent, and that the member should be retired.

A special disability allowance is equal to the lesser of the member's average final compensation or the sum of an annuity based on the member's accumulated contributions and a pension equal to two-thirds of the member's average final compensation. An SPRS member, who is at least normal retirement age and eligible for a special disability retirement, receives the greater of a normal service retirement or a special disability allowance.

**Background:** As of June 30, 2009, SPRS had 1,408 active members, all of them State Troopers, and 2,226 retirees and beneficiaries.

The Maryland State Retirement Agency is aware of at least seven State Troopers seeking special disability and one retiree currently receiving special disability benefits who are under investigation for a covered criminal offense.

**State Fiscal Effect:** The potential suspension of the processing of disability applications for seven current SPRS members has no fiscal effect because (1) none of them has pled guilty or otherwise qualified to have their applications suspended under this bill; and (2) it cannot be presumed that their applications will be accepted. Legislative Services

understands that one current retiree is under investigation for a covered crime, but the legal process has not concluded. If he is found guilty or otherwise qualifies for suspension or termination of benefits under this bill, it would result in a negligible reduction in State pension liabilities due to his forfeiture of future benefits.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 1458 (Delegates G. Clagett and DeBoy) - Rules and Executive Nominations.

**Information Source(s):** Judiciary (Administrative Office of the Courts), Department of State Police, Maryland State Retirement Agency, Department of Legislative Services

**Fiscal Note History:** First Reader - March 3, 2010  
mpc/rhh

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