

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE
Revised

House Bill 907
Appropriations

(Delegate W. Miller, *et al.*)

Budget and Taxation

Employees' Pension System - Town of Sykesville - Service Credit

This bill authorizes the Town of Sykesville to purchase additional service credit in the Employees' Pension System (EPS) for specified employees of the town. It also requires that, if the town purchases additional credit, the new entrant actuarial valuation for the town be adjusted to reflect any change in liabilities resulting from the purchase of credit in that fiscal year.

The bill takes effect June 1, 2015.

Fiscal Summary

State Effect: None. The bill applies only to the Town of Sykesville.

Local Effect: Assuming the Town of Sykesville purchases additional service credit for the specified employees, as the town has indicated it will, its pension liabilities and contributions likely increase. The amount of the increase would be subject to a new valuation by the system's actuary and, therefore, cannot be estimated at this time.

Small Business Effect: None.

Analysis

Current Law/Background: Local governmental entities, including a political subdivision of the State, a county, a municipal corporation, or a special taxing area, may participate in EPS as a participating governmental unit (PGU) if the legislative body of the local entity approves participation. An eligible governmental unit does not require authorizing legislation by the State in order to become a PGU, but it does require legislation if it wishes to award less than full service credit for employment that occurred prior to its joining EPS.

Chapter 413 of 2009 required employees of the Town of Sykesville to become members of EPS as a condition of their employment on or after the date that the town elected to participate in EPS. It also specified that employees of the town at the time it became a PGU received eligibility and service credit in EPS at the rate of 75% of their past service credit with the town. The Town of Sykesville became a PGU, effective July 1, 2014.

The Town of Sykesville has advised the State Retirement Agency that it can now afford to give full credit for employment that occurred prior to the town joining EPS and is, therefore, seeking authorization to purchase additional credit, up to 100% of prior service, for those employees who were given 75% credit for prior service.

Additional Information

Prior Introductions: None.

Cross File: SB 726 (Senators Bates and Ready) - Budget and Taxation.

Information Source(s): Town of Sykesville, Maryland State Retirement Agency, Department of Legislative Services

Fiscal Note History: First Reader - February 20, 2015
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