

Chapter 557

(House Bill 28)

AN ACT concerning

Unappropriated General Fund Surplus – Appropriation to Pension Fund and Postretirement Health Benefits Trust Fund

FOR the purpose of altering a certain required appropriation to require, beginning in a certain fiscal year, an appropriation of a certain amount to certain accumulation funds of the State Retirement and Pension System and an appropriation of a certain amount to the Postretirement Health Benefits Trust Fund; altering the date by which the Department of Legislative Services is required to conduct a certain review and submit a certain report regarding certain required appropriations to the State Retirement and Pension System; and generally relating to appropriations from the unappropriated General Fund surplus to the State Retirement and Pension System and the Postretirement Health Benefits Trust Fund.

BY repealing and reenacting, with amendments,
 Article – State Finance and Procurement
 Section 7–311
 Annotated Code of Maryland
 (2015 Replacement Volume and 2016 Supplement)

BY repealing and reenacting, with amendments,
 Chapter 489 of the Acts of the General Assembly of 2015
 Section 24

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
 That the Laws of Maryland read as follows:

Article – State Finance and Procurement

7–311.

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

(2) “Account” means the Revenue Stabilization Account.

(3) “Estimated General Fund revenues” means the estimated General Fund revenues for a fiscal year stated in the report of the Board of Revenue Estimates submitted to the Governor under § 6–106 of this article in December preceding the fiscal year.

(b) The Revenue Stabilization Account is established to retain State revenues for future needs and reduce the need for future tax increases by moderating revenue growth.

(c) The Account is a continuing, nonlapsing fund which is not subject to § 7–302 of this subtitle.

(d) The Account consists of:

(1) money appropriated in the State budget to the Account; and

(2) interest or other income earned from the investment of any portion of this Account or any other account in the State Reserve Fund.

(e) Except as provided in subsection (f) of this section, for each fiscal year:

(1) if the Account balance is below 3% of the estimated General Fund revenues for that fiscal year, the Governor shall include in the budget bill an appropriation to the Account equal to at least \$100,000,000; and

(2) if the Account balance is at least 3% but less than 7.5% of the estimated General Fund revenues for that fiscal year, the Governor shall include in the budget bill an appropriation to the Account equal to at least the lesser of \$50,000,000 or whatever amount is required for the Account balance to exceed 7.5% of the estimated General Fund revenues for that fiscal year.

(f) The appropriations required by subsection (e) of this section are not required when the Account balance exceeds 7.5% of the estimated General Fund revenues.

(g) (1) Unless the transfer would result in an Account balance below 5% of the estimated General Fund revenues for the fiscal year in which the transfer is made, if authorized by an act of the General Assembly or specifically authorized in the State budget bill as enacted, the Governor may transfer funds from the Account to General Fund revenues as necessary to support the operation of State government on a temporary basis.

(2) If the transfer would result in an Account balance below 5% of the estimated General Fund revenues for the fiscal year in which the transfer is made, the Governor may transfer funds from the Account to General Fund revenues only if the transfer is authorized by an act of the General Assembly other than the State budget bill.

(h) If the budget bill as submitted to the General Assembly includes a transfer of funds from the Account pursuant to subsection (g) of this section, the budget bill as enacted by the General Assembly may provide for a reduction of the amount of the transfer from the Account by an amount up to the amount of the reductions made by the General Assembly in the General Fund appropriations.

(i) Funds of the Account may only be transferred from the Account as provided in this section and are not subject to transfer by budget amendment.

(j) (1) Except as provided in paragraph (2) of this subsection, for fiscal year 2007 and for each subsequent fiscal year, the Governor shall include in the budget bill an appropriation:

(i) for each of fiscal years 2017, 2018, and 2019, to the accumulation funds of the State Retirement and Pension System an amount, up to a maximum of \$50,000,000, that is equal to one-half of the amount by which the unappropriated General Fund surplus as of June 30 of the second preceding fiscal year exceeds \$10,000,000;

(ii) for fiscal year 2020:

1. to the accumulation funds of the State Retirement and Pension System an amount, up to a maximum of \$50,000,000, that is equal to one-half of the amount by which the unappropriated General Fund surplus as of June 30 of the second preceding fiscal year exceeds \$10,000,000; and

2. to the Account equal to the amount by which the unappropriated General Fund surplus as of June 30 of the second preceding fiscal year exceeds \$10,000,000, less the amount of the appropriation under item 1 of this paragraph; and

(iii) for fiscal year 2021 and each fiscal year thereafter[.]:

1. TO THE ACCUMULATION FUNDS OF THE STATE RETIREMENT AND PENSION SYSTEM AN AMOUNT, UP TO A MAXIMUM OF \$25,000,000, THAT IS EQUAL TO ONE-QUARTER OF THE AMOUNT BY WHICH THE UNAPPROPRIATED GENERAL FUND SURPLUS AS OF JUNE 30 OF THE SECOND PRECEDING FISCAL YEAR EXCEEDS \$10,000,000;

2. TO THE POSTRETIREMENT HEALTH BENEFITS TRUST FUND ESTABLISHED UNDER § 34-101 OF THE STATE PERSONNEL AND PENSIONS ARTICLE AN AMOUNT, UP TO A MAXIMUM OF \$25,000,000, THAT IS EQUAL TO ONE-QUARTER OF THE AMOUNT BY WHICH THE UNAPPROPRIATED GENERAL FUND SURPLUS AS OF JUNE 30 OF THE SECOND PRECEDING FISCAL YEAR EXCEEDS \$10,000,000; AND

3. to the Account equal to the amount by which the unappropriated General Fund surplus as of June 30 of the second preceding fiscal year exceeds \$10,000,000, LESS THE AMOUNT OF THE APPROPRIATIONS UNDER ITEMS 1 AND 2 OF THIS ITEM.

(2) The appropriation required under this subsection for any fiscal year may be reduced by the amount of any appropriation to the Account required to be included for that fiscal year under subsection (e) of this section.

Chapter 489 of the Acts of 2015

SECTION 24. AND BE IT FURTHER ENACTED, That[, on or before December 1, 2019,] the Department of Legislative Services shall conduct a review of the amounts required to be appropriated to the accumulation funds of the State Retirement and Pension System under § 7-311(j)(1) of the State Finance and Procurement Article **ON OR BEFORE DECEMBER 1 OF THE YEAR IN WHICH THE TOTAL ACTUARIAL VALUE OF ASSETS FOR THE STATE RETIREMENT AND PENSION SYSTEM DIVIDED BY THE TOTAL ACTUARIAL ACCRUED LIABILITY FOR THE STATE RETIREMENT AND PENSION SYSTEM EQUALS A FUNDING RATIO OF 85%**. The review shall include findings and recommendations regarding the appropriate amount of funding and whether the required amount of funding should be altered or eliminated. The results of the review shall be reported to the Governor, the Senate Budget and Taxation Committee, the House Appropriations Committee, and the Joint Committee on Pensions, in accordance with § 2-1246 of the State Government Article.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2017.

Approved by the Governor, May 4, 2017.