

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 630
Appropriations

(Delegate Forbes)(Chair, Joint Committee on Pensions)

Budget and Taxation

State Retirement and Pension System - Transfers of Service

This bill repeals a provision of State pension law that requires that benefits paid to an individual for service credit transferred to another State or local pension system not exceed the benefits that would have been payable by the previous system for that credit if the individual retires within five years of transferring the credit. The bill also corrects an incorrect reference to the member contribution rate for the Law Enforcement Officers' Pension System (better known as LEOPS). **The bill takes effect July 1, 2024.**

Fiscal Summary

State Effect: None. The bill conforms statute to current practice, as discussed below.

Local Effect: None. The bill conforms statute to current practice, as discussed below.

Small Business Effect: None.

Analysis

Current Law: Title 37 of the State Personnel and Pensions Article governs the conditions under which members of State or local retirement and pension plans can transfer service credit from one system to another. It applies to all forms of service credit transfer, including those between State and local retirement and pension plans. One provision in Title 37 specifies that if an individual transfers service credit from one plan to another and then retires before five years have passed, the benefits paid for the transferred credit cannot exceed the benefits that would have been paid under the previous system (*i.e.*, the system from which the member transferred credit). The bill repeals this provision.

State/Local Expenditures: The State Retirement Agency (SRA) advises that its records of service credit do not distinguish among sources of credit once credit has been transferred from one system to another. In other words, once credit transfers into a new system, it becomes indistinguishable in the agency's records from credit earned in that system. As a result, SRA has not been able to implement this provision, and it is not aware of any local retirement or pension plans that have requested data on transferred service credit from State plans for the purpose of implementing the provision. As a result, SRA requested that the Joint Committee on Pensions (JCP) sponsor legislation to repeal the provision, and JCP agreed.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 491 (Senator Jackson)(Chair, Joint Committee on Pensions) - Budget and Taxation.

Information Source(s): Bolton; State Retirement Agency; Department of Legislative Services

Fiscal Note History: First Reader - February 6, 2024
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