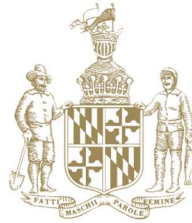


SB 930 Official Sponsor Testimony of Senator Kevin

Uploaded by: Kevin M. Harris

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THE SENATE OF MARYLAND
ANNAPOLIS, MARYLAND 21401

SB 930: State Police Retirement System – Special Disability Retirement

Official Sponsor Testimony of Senator Kevin M. Harris

Chair Guzzone, Vice-chair Rosapepe, and members of the Budget and Taxation committee,

Senate Bill 930 addresses a narrow but serious inequity affecting certain retirees of the Maryland State Police.

Under current law, a Deferred Retirement Option Program (DROP) participant may only qualify for special disability retirement if the disabling injury occurs *after* entering the DROP. That rule unintentionally excludes officers who were injured while on duty *before* entering the DROP, whose injuries resulted in physical or mental incapacitation, and compelled retirement.

SB 930 provides a limited, responsible remedy. It allows a clearly defined group of Maryland State Police retirees to apply for special disability retirement. The bill applies only to individuals who enrolled in the DROP on or after July 1, 2020, who had prior work-related injuries, and who ceased participation in the DROP before July 1, 2026. It further requires medical certification by the Retirement System's medical board, ensuring that only those who are truly and permanently incapacitated qualify.

Importantly, this legislation is temporary and tightly bound. SB 930 takes effect on July 1, 2026 and sunsets on December 31, 2026, and requires eligible individuals to apply within that six-month period. This is not an expansion of benefits for future employees, nor is it an open-ended fiscal commitment. It is a corrective measure designed to resolve a specific set of cases fairly and finally.

At its core, SB 930 is about honoring our commitment to the dedicated men and women of the Maryland State Police, who sustained injuries while protecting our state. We should not allow our retirement system to deny them appropriate disability protections because of a procedural technicality.

I respectfully ask the committee for a favorable report on SB 930 and thank you for your consideration.

SB930 State Police - Special Disability Retirement

Uploaded by: Anne Gawthrop

Position: UNF



**Testimony in Opposition to Senate Bill 930
State Police Retirement System – Special Disability Retirement**

**Senate Budget and Tax Committee
March 5, 2026
8:30 A.M.**

**Anne Gawthrop
Director of Legislative Affairs
State Retirement Agency**

The Board of Trustees for the State Retirement and Pension System (System) wishes to express its opposition to Senate Bill 930, State Police Retirement System – Special Disability Retirement. Senate Bill 930 would allow certain individuals who are receiving a service retirement allowance from the State Police Retirement System (SPRS) to now apply for a SPRS line of duty disability.

Senate Bill 930 would apply to a SPRS retiree who:

1. enrolled in SPRS Deferred Retirement Option Program (DROP) on or after July 1, 2020;
2. prior to enrolling in the DROP, was involved in a work-related accident; and
3. before July 1, 2026, ceased participation in the DROP.

This legislation further provides that if the individual is awarded a SPRS line of duty disability, the disability benefit would be retroactive to the date the member terminated DROP participation and commenced receiving a normal monthly service retirement allowance. The individual would be entitled to a lump-sum payment for this period of time, reduced by the amount the individual had previously received by way of the individual's service retirement allowance. The members of the Budget and Tax Committee should be aware that as Senate Bill 930 is drafted, this offset will not impact an individual's lump sum DROP payment that was made when the individual ceased participation in the DROP.

The Committee should be made aware that providing a retroactive line of duty disability to any SPRS retiree could raise serious concerns under federal law, and therefore, the State Retirement Agency (Agency) would need to receive a private letter ruling from the Internal Revenue Service approving this retroactive provision. The Committee should further note that in the past, the IRS has only issued private letter rulings approving such changes when the change was prospective. Because of this, the Agency is concerned that the IRS would not approve a retroactive change to a SPRS retiree's benefit that was received prior to enactment of the legislation. Therefore, to move forward with this legislation could jeopardize the System's tax qualified status.

Additionally, the Agency believes it is also helpful to point out the potential significant fiscal and policy impact this legislation could have on the System. As of June 30, 2025, there are 150,383 retirees of the several systems who are receiving a normal service retirement allowance. While the Agency is only aware of one individual who meets the criteria under the provisions of Senate Bill 930, this bill would open the door to any of the 150,383 retirees to request legislation to now apply for a line of duty disability.

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Generally, a line of duty disability benefit is largely a tax-free benefit equal to two-thirds of the retiree's average final compensation. Allowing for a retiree to convert a normal service retirement to a line of duty disability retirement at any time after commencing receipt of the normal service retirement, would certainly increase the unfunded liabilities of the System.

The Agency also thinks it is important to note that in the past this Committee has taken the position that legislation of this nature should demonstrate that some mistake by the State or the Agency occurred that now needs to be remedied. As we mentioned above, the Agency is currently only aware of one individual who would meet the criteria of the bill, and after reviewing the facts surrounding their situation, the Agency could find no evidence of any mistake or misinformation that was provided to the individual by the State or the Agency. Senate Bill 930 would provide a benefit for this individual to which no other member of the System is entitled.

We appreciate being given the opportunity to raise these issues with the Committee and stand ready to provide any further information or services the Committee might request regarding Senate Bill 930.