Department of Legislative Services

Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 347 (The Speaker, *et al.*) (By Request - Administration)
Rules and Executive Nominations

Government Accountability Act of 2018

This Administration bill proposes a constitutional amendment that, if approved by the voters at the next general election, limits the term of a senator or delegate to two consecutive terms in the same office. A member filling a vacancy in office is considered to have served a full term if the member has served more than three years in that office.

Fiscal Summary

State Effect: No discernible effect on State pension liabilities or contribution rates, as discussed below. Revenues are not affected.

Local Effect: None.

Small Business Effect: The Administration has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Current Law: Members of the State Senate and the House of Delegates serve four-year terms. There are no limits on the number of consecutive or total terms they can serve.

Background: In calendar 2017, members of the General Assembly received annual compensation of $48,622, except that the two Presiding Officers each received $63,153. Beginning in January 2018, those salaries increased to $50,330 and $65,371, respectively.

In addition, members each receive $750 annually to be applied to in-district travel and are reimbursed for their lodging and travel expenses related to their service as members of the General Assembly. Compensation does not vary according to years of service.

About half of State Senators and Delegates have served in their respective houses of the General Assembly for more than two terms (eight years).

According to the National Conference of State Legislatures, as of December 2017, 15 state legislatures have term limit provisions for their members. Nebraska was the last state to enact term limits, in 2000. In nine of these states, the term limits relate to consecutive terms. Six states have adopted lifetime limits, which limit the total number of years overall that a person may serve in the legislature during his/her lifetime.

Membership in the Legislative Pension Plan (LPP) is mandatory for elected members of the General Assembly. LPP members contribute 7% of their salary for up to 22 years and three months; contributions are not required beyond that time. They are vested in the plan after 8 years (two terms). Vested members are eligible for a full-service retirement allowance upon reaching age 60, if the member has earned creditable service in the LPP before January 14, 2015, or at age 62 if creditable service is earned only after that date, as long as they are no longer serving in the General Assembly. Their annual retirement allowance is 3% of the salary of a current member of the General Assembly for each year of service credit but is capped at two-thirds of the salary of a current member.

For the purpose of calculating employer contributions, LPP is combined with the Employees' Retirement System, Employees' Pension System, and Correctional Officers' Retirement System for the annual actuarial valuation. Therefore, employer contributions for LPP are the same as those for the employees' combined systems (ECS).

State Expenditures: Compensation for members of the General Assembly does not vary based on years of service, so the bill has no effect on total compensation.

Full LPP retirement benefits are earned upon reaching 22 years, three months of service in the General Assembly. Although the proposed amendment would restrict members of the General Assembly to two consecutive elective terms (8 years), members would still be able to serve longer if they sat out one term and then were reelected to another term, or if they moved from one house to the other in consecutive terms. Members likely earn fewer benefits than they otherwise would by virtue of serving fewer years in the General Assembly. The reduction in benefit payments is expected to be minimal and, given that LPP members represent about 0.2% of total ECS membership, has no discernible effect on State pension liabilities or contribution rates.

Additional Information

Prior Introductions: None.

Cross File: SB 294 (The President, *et al.*) (By Request - Administration) - Education, Health, and Environmental Affairs.

Information Source(s): Maryland State Board of Elections; National Conference of State Legislatures; Department of Legislative Services

Fiscal Note History: First Reader - February 23, 2018
md/mcr

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: **Government Accountability Act of 2018**

BILL NUMBER: SB 294/HB 347

PREPARED BY: Governor's Legislative Office

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

_X_ WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

____ WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS