

Department of Legislative Services
Maryland General Assembly
2015 Session

FISCAL AND POLICY NOTE

Senate Bill 76 (Senator Peters)(Chair, Joint Committee on Pensions)
Budget and Taxation

State Retirement and Pension System - Noncontributory Pension Benefit -
Definition

This bill clarifies that the definition of “noncontributory pension benefit” in State pension law does *not* include the Reformed Contributory Pension Benefit (RCPB) established by Chapter 397 of 2011.

The bill takes effect July 1, 2015.

Fiscal Summary

State Effect: None. The bill’s provisions are technical and have no effect on State pension liabilities or contribution rates. Revenues are not affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: State pension law defines “noncontributory pension benefit” to mean the part of the Employees’ Pension System (EPS) and the Teachers’ Pension System (TPS) that does *not* provide:

- the contributory pension benefit under Title 23, Subtitle 2, Part II of the State Personnel and Pensions Article (initially established by Chapter 530 of 1998); or
- the Alternate Contributory Pension Benefit under Title 23, Subtitle 2, Part III (initially established by Chapter 110 of 2006).

Despite being a contributory benefit, RCPB was inadvertently omitted from this list when it was enacted in 2011.

In most cases, members of EPS and TPS who begin service on or after July 1, 2011, are subject to RCPB as a condition of their employment. Like the two benefit structures that are included in the statutory definition, RCPB requires a member contribution (7% of a member's compensation).

Additional Information

Prior Introductions: None.

Cross File: HB 78 (Delegate B. Barnes)(Chair, Joint Committee on Pensions) - Appropriations.

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

Fiscal Note History: First Reader - January 30, 2015
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