

# HOUSE BILL 162

K4

(2lr1366)

## ENROLLED BILL

— Appropriations/Budget and Taxation —

Introduced by **Delegate Griffith (Chair, Joint Committee on Pensions)**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

\_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M.

\_\_\_\_\_  
Speaker.

## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **State Retirement and Pension System – Administrative and Operational**  
3 **Expenses – Certifications and Notifications**

4 FOR the purpose of altering the timing of a certain reimbursement to certain  
5 accumulation funds for certain administrative and operational expenses of the  
6 Board of Trustees for the State Retirement and Pension System and the State  
7 Retirement Agency; requiring that certain reimbursements to certain  
8 accumulation funds be done in a certain manner; requiring the Board of  
9 Trustees to offset certain reimbursements in a certain manner; requiring the  
10 Board of Trustees ~~for the State Retirement and Pension System~~ to send certain  
11 certifications and notifications of the amounts payable by local employers for  
12 administrative and operational expenses of the Board of Trustees and the State  
13 Retirement Agency on or before ~~certain dates~~ a certain date; and generally  
14 relating to certain certifications and notifications of the amounts payable by

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### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.

*Italics indicate opposite chamber/conference committee amendments.*



1 local employers for administrative and operational expenses of the State  
2 Retirement and Pension System.

3 BY repealing and reenacting, with amendments,  
4 Article – State Personnel and Pensions  
5 Section 21–303(d) and 21–316  
6 Annotated Code of Maryland  
7 (2009 Replacement Volume and 2011 Supplement)

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

10 **Article – State Personnel and Pensions**

11 21–303.

12 (d) (1) Except as provided in paragraph (2) of this subsection, each year,  
13 the Board of Trustees shall transfer from the accumulation fund of each State system  
14 to the expense fund of that system the amounts required by § 21–315 of this subtitle.

15 (2) The administrative and operational expenses of the Board of  
16 Trustees and the State Retirement Agency, not including amounts as authorized by  
17 the Board of Trustees necessary for investment management services, shall be paid by  
18 participating employers as provided in § 21–316 of this subtitle and may not be  
19 transferred from the accumulation fund of each system.

20 (3) (i) **1.** Notwithstanding paragraph (2) of this subsection, if a  
21 budget amendment is approved in any fiscal year for administrative and operational  
22 expenses for the Board of Trustees and the State Retirement Agency, the Board of  
23 Trustees may transfer the amount approved by budget amendment from the  
24 accumulation funds of the State Retirement and Pension System to the expense funds  
25 of the State Retirement and Pension System.

26 [ii] **2. A. [Any] SUBJECT TO ~~ITEM~~**  
27 **SUBSUBSUBPARAGRAPH B OF THIS SUBSUBPARAGRAPH, ANY funds transferred**  
28 from the accumulation funds under [subparagraph (i) of this paragraph]  
29 **SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH shall be reimbursed to the**  
30 accumulation funds on or before June 30 of the **SECOND** following fiscal year from  
31 payments for administrative and operational expenses received by the Board of  
32 Trustees under § 21–316 of this subtitle.

33 **B. ANY FUNDS TRANSFERRED FROM THE**  
34 **ACCUMULATION FUNDS UNDER SUBSUBPARAGRAPH 1 OF THIS SUBPARAGRAPH**  
35 **RESULTING FROM AN UNDERPAYMENT OF ADMINISTRATIVE AND OPERATIONAL**  
36 **EXPENSES OWED BY THE STATE ~~AND~~ OR LOCAL EMPLOYERS UNDER § 21–316 OF**  
37 **THIS SUBTITLE, SHALL BE REIMBURSED TO THE ACCUMULATION FUNDS AS**

1 PART OF THE ANNUAL OR QUARTERLY ADMINISTRATIVE AND OPERATIONAL  
2 EXPENSE REIMBURSEMENTS ON OR BEFORE JUNE 30 OF THE SECOND  
3 FOLLOWING FISCAL YEAR FROM PAYMENTS FOR ADMINISTRATIVE AND  
4 OPERATIONAL EXPENSES RECEIVED BY THE BOARD OF TRUSTEES UNDER §  
5 21-316 OF THIS SUBTITLE BY THE APPROPRIATE EMPLOYERS.

6 (II) NOTWITHSTANDING PARAGRAPH (2) OF THIS  
7 SUBSECTION, IF THE BOARD OF TRUSTEES AND THE STATE RETIREMENT  
8 AGENCY RECEIVE ADMINISTRATIVE AND OPERATIONAL EXPENSES IN EXCESS  
9 OF THE AMOUNT EXPENDED, THE BOARD OF TRUSTEES SHALL OFFSET THE  
10 ANNUAL OR QUARTERLY ADMINISTRATIVE AND OPERATIONAL EXPENSE  
11 REIMBURSEMENTS OF THE APPROPRIATE EMPLOYERS ON OR BEFORE JUNE 30  
12 OF THE SECOND FOLLOWING FISCAL YEAR BY THE EXCESS AMOUNT OF  
13 ADMINISTRATIVE AND OPERATIONAL EXPENSES RECEIVED.

14 21-316.

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

16 (2) "Library" means a library that is established or operates under the  
17 Education Article.

18 (3) "Local employer" means a participating employer other than the  
19 State.

20 (b) (1) Subject to paragraph (3) of this subsection, for each fiscal year, the  
21 State and each local employer shall pay to the Board of Trustees their pro rata shares  
22 of the amount necessary for the administrative and operational expenses of the Board  
23 of Trustees and the State Retirement Agency.

24 (2) The pro rata share of the State and of each local employer for each  
25 fiscal year shall be based on the number of members of the several systems employed  
26 by the State or local employer as of June 30 of the second prior fiscal year compared to  
27 the total membership of the several systems as of that date.

28 (3) The State shall pay the pro rata share under this section of each  
29 library.

30 (c) As part of its annual budget submission for a fiscal year, the Board of  
31 Trustees shall certify to the Secretary of Budget and Management the percentage of  
32 the total membership of the several systems that is employed by the State, the  
33 libraries, and each local employer as of June 30 of the second prior fiscal year.

34 (d) (1) The Governor shall include in the budget bill an appropriation to  
35 the expense funds of the State Retirement and Pension System that equals the

1 authorized administrative and operational expenses of the Board of Trustees and the  
2 State Retirement Agency for the fiscal year.

3 (2) The amounts payable by the State under this section with respect  
4 to members employed by each State unit shall be charged against the budget of that  
5 unit.

6 (3) The State shall pay its pro rata share of the amount of  
7 administrative and operational expenses authorized in the State budget to the Board  
8 of Trustees on July 1 of the applicable fiscal year.

9 (e) (1) ~~{On or before May 1~~ **FEBRUARY 1** of each year, the ~~} IN~~  
10 ~~ACCORDANCE WITH PARAGRAPH (2) OF THIS SUBSECTION, THE~~ Board of Trustees  
11 shall:

12 (i) ~~{certify}~~ ~~SEND A PRELIMINARY CERTIFICATION AND A~~  
13 ~~FINAL CERTIFICATION~~ to each local employer other than a library ~~of~~ the amount  
14 payable by the local employer that is equal to the percentage certified under  
15 subsection (c) of this section multiplied by the amount of administrative and  
16 operational expenses authorized in the State budget for the next fiscal year; and

17 (ii) notify the Secretary of Budget and Management and the  
18 Department of Legislative Services of the certifications sent under item (i) of this  
19 paragraph.

20 ~~(2) (i) ON OR BEFORE MAY 1 OF EACH YEAR, THE BOARD OF~~  
21 ~~TRUSTEES SHALL SEND THE PRELIMINARY CERTIFICATIONS AND~~  
22 ~~NOTIFICATIONS REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION.~~

23 ~~(ii) ON OR BEFORE JULY 1 OF EACH YEAR, THE BOARD OF~~  
24 ~~TRUSTEES SHALL SEND THE FINAL CERTIFICATIONS AND NOTIFICATIONS~~  
25 ~~REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION.~~

26 ~~{(2)}~~ **(3)** On or before October 1, January 1, April 16, and June 1 of  
27 each fiscal year, each local employer shall pay to the Board of Trustees 25% of the  
28 amount certified to the local employer by the Board of Trustees under paragraph (1) of  
29 this subsection.

30 ~~{(3)}~~ **(4)** If a local employer does not pay the amounts required under  
31 this section within the time required, the local employer is liable for interest on  
32 delinquent amounts at a rate of 4% a year until payment.

33 ~~{(4)}~~ **(5)** The Secretary of the Board of Trustees may allow a grace  
34 period not to exceed 10 calendar days for payment of the amounts certified under this  
35 section.

1           ~~[(5)] (6)~~     On notification by the Secretary of the Board of Trustees  
2 that a delinquency exists, the State Comptroller immediately shall exercise the right  
3 of setoff against any money due or coming due to that local employer from the State.

4           ~~[(6)] (7)~~     A participating governmental unit or employer required to  
5 make employer contributions under § 21-307 of this subtitle may deduct the payments  
6 required under this section from payments for employer contributions required under  
7 §§ 21-305 through 21-307 of this subtitle.

8           (f)     On receipt of payments under this section, the Board of Trustees shall  
9 credit these amounts to the expense fund of the appropriate State system.

10           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
11 June 1, 2012.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.