

HOUSE BILL 775

K4

EMERGENCY BILL

0lr1294
CF SB 317

By: **Delegates Griffith, Branch, Bronrott, Conway, Gaines, Guzzone, Haynes, Heller, James, Jones, Levy, and Proctor**

Introduced and read first time: February 5, 2010

Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System – Retirees and Beneficiaries of**
3 **Retirees – Annual Retirement Allowance Adjustments**

4 FOR the purpose of providing that certain annual retirement allowance adjustments
5 shall be a certain amount under certain circumstances; requiring the Board of
6 Trustees for the State Retirement and Pension System to conduct a certain
7 study regarding the effects of a certain Consumer Price Index on other public
8 state pension plans; requiring the Board of Trustees to submit a report to the
9 Senate Budget and Taxation Committee, the House Appropriations Committee,
10 and the Joint Committee on Pensions by a certain date; defining certain terms;
11 making this Act an emergency measure; and generally relating to annual
12 retirement allowance adjustments for retirees of the several systems of the
13 State Retirement and Pension System.

14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
15 MARYLAND, That, notwithstanding any other provision of law:

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

17 (2) “Adjustment” means the dollar amount by which either the
18 current allowance or initial allowance of an individual is adjusted on July 1 of each
19 year under § 24–401(e) and Title 29, Subtitle 4 of the State Personnel and Pensions
20 Article.

21 (3) “Current allowance” means the retirement allowance that an
22 individual is receiving on June 30, 2010.

23 (4) “Individual” means a former member, retiree, or surviving
24 beneficiary of a deceased member, former member, or retiree of the several systems of
25 the State Retirement and Pension System.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (5) “Initial allowance” means:

2 (i) the retirement allowance computed at the time of a
3 retirement of a former member or retiree of the several systems of the State
4 Retirement and Pension System, including any modifications to the retirement
5 allowance to reflect a retiree’s election to receive an optional form of allowance as
6 provided under § 21–403 of the State Personnel and Pensions Article; or

7 (ii) the retirement allowance for a surviving beneficiary of a
8 deceased member, former member, or retiree of the several systems of the State
9 Retirement and Pension System computed at the time of death of the member, former
10 member, or retiree.

11 (b) (1) This subsection applies to any individual who is subject to an
12 annual retirement allowance adjustment under § 24–401(e) of the State Personnel and
13 Pensions Article.

14 (2) If the fraction described under § 24–401(e)(2) of the State
15 Personnel and Pensions Article that is used in the calculation to adjust an individual’s
16 current allowance on July 1, 2010, is less than one, the adjustment to the current
17 allowance shall equal \$0.00 on July 1, 2010.

18 (c) (1) This subsection applies to any individual who is subject to an
19 annual retirement allowance adjustment under Title 29, Subtitle 4, Part II of the
20 State Personnel and Pensions Article.

21 (2) If the fraction calculated under § 29–406 of the State Personnel
22 and Pensions Article that is used in the calculation to adjust an individual’s initial
23 allowance on July 1, 2010, is determined to be a negative fraction, the adjustment
24 under § 29–406 of the State Personnel and Pensions Article to the current allowance
25 shall equal \$0.00 on July 1, 2010.

26 (d) (1) This subsection applies to any individual who is subject to an
27 annual retirement allowance adjustment under Title 29, Subtitle 4, Part IV of the
28 State Personnel and Pensions Article.

29 (2) If the fraction used to determine the rate under § 29–418 of the
30 State Personnel and Pensions Article that is used in the calculation to adjust an
31 individual’s current allowance on July 1, 2010, is less than one, the adjustment to the
32 current allowance shall equal \$0.00 on July 1, 2010.

33 (e) (1) This subsection applies to any individual who is subject to an
34 annual retirement allowance adjustment under Title 29, Subtitle 4, Part V of the State
35 Personnel and Pensions Article.

36 (2) (i) If the fraction calculated under § 29–422(b)(1) of the State
37 Personnel and Pensions Article that is used to adjust an individual’s initial allowance

1 on July 1, 2010, is less than one, the adjustment to the current allowance for
2 creditable service earned prior to the date that the retiree elected Selection C, as
3 defined under § 22–221 of the State Personnel and Pensions Article, shall equal \$0.00
4 on July 1, 2010.

5 (ii) If the fraction used to determine the rate under §
6 29–422(b)(2) of the State Personnel and Pensions Article that is used in the calculation
7 to adjust an individual's current allowance on July 1, 2010, is less than one, the
8 adjustment to the current allowance for creditable service earned on or after the date
9 that the retiree elected Selection C, as defined under §
10 22–221 of the State Personnel and Pensions Article, shall equal \$0.00 on July 1, 2010.

11 (3) (i) If the fraction used to determine the rate under §
12 29–422(c)(1) of the State Personnel and Pensions Article that is used in the calculation
13 to adjust an individual's current allowance on July 1, 2010, is less than one, the
14 adjustment to the current allowance for creditable service earned prior to the date that
15 the retiree elected Selection C, as defined under § 22–221 of the State Personnel and
16 Pensions Article, shall equal \$0.00 on July 1, 2010.

17 (ii) If the fraction used to determine the rate under §
18 29–422(c)(2) of the State Personnel and Pensions Article that is used in the calculation
19 to adjust an individual's current allowance on July 1, 2010, is less than one, the
20 adjustment to the current allowance for creditable service earned on or after the date
21 that the retiree elected Selection C, as defined under §
22 22–221 of the State Personnel and Pensions Article, shall equal \$0.00 on July 1, 2010.

23 (f) (1) This subsection applies to any individual who is subject to an
24 annual retirement allowance adjustment under Title 29, Subtitle 4, Part VI of the
25 State Personnel and Pensions Article.

26 (2) If the fraction used to determine the rate under § 29–427 of the
27 State Personnel and Pensions Article that is used in the calculation to adjust an
28 individual's current allowance on July 1, 2010, is less than one, the adjustment to the
29 current allowance shall equal \$0.00 on July 1, 2010.

30 (g) (1) The Board of Trustees for the State Retirement and Pension
31 System shall study:

32 (i) the effects that the Consumer Price Index (All Urban
33 Consumers – United States City Average – All Items) as of December 31, 2009, as
34 published by the United States Department of Labor Bureau of Labor Statistics, had
35 on the annual retirement allowance adjustments applied to retirees of other public
36 state pension plans; and

37 (ii) the actions other public state pension plans have taken in
38 response to the effects that the Consumer Price Index (All Urban Consumers – United
39 States City Average – All Items) as of December 31, 2009, as published by the United

1 States Department of Labor Bureau of Labor Statistics, has had on the retirees and
2 beneficiaries of deceased retirees of these plans.

3 (2) On or before October 1, 2010, the Board of Trustees shall submit a
4 report in accordance with § 2-1246 of the State Government Article to the Senate
5 Budget and Taxation Committee, the House Appropriations Committee, and the Joint
6 Committee on Pensions that provides:

7 (i) a summary of its findings under paragraph (1) of this
8 subsection; and

9 (ii) recommendations to avoid benefit reductions to retirees of
10 the several systems when the annual Consumer Price Index results in a decrease in
11 annual retirement allowances for retirees and beneficiaries of deceased retirees of the
12 several systems of the State Retirement and Pension System.

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act is an emergency
14 measure, is necessary for the immediate preservation of the public health or safety,
15 has been passed by a ye and nay vote supported by three-fifths of all the members
16 elected to each of the two Houses of the General Assembly, and shall take effect from
17 the date it is enacted.