

# HOUSE BILL 804

P6

3lr1924  
CF SB 466

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By: **Delegate Forbes (Chair, Joint Committee on Pensions)**

Introduced and read first time: February 8, 2023

Assigned to: Appropriations

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 1, 2023

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

1 AN ACT concerning

2 **State Retirement and Pension System – Amortization of Unfunded Liabilities**  
3 **and Surpluses**

4 FOR the purpose of altering the amortization periods to be used for certain unfunded  
5 liabilities or surpluses of the State Retirement and Pension System; and generally  
6 relating to the funding of the State Retirement and Pension System.

7 BY repealing and reenacting, with amendments,  
8 Article – State Personnel and Pensions  
9 Section 21–304(d)  
10 Annotated Code of Maryland  
11 (2015 Replacement Volume and 2022 Supplement)

12 BY adding to  
13 Article – State Personnel and Pensions  
14 Section 21–304(e)  
15 Annotated Code of Maryland  
16 (2015 Replacement Volume and 2022 Supplement)

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

19 **Article – State Personnel and Pensions**

20 21–304.

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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.



1 (d) (1) Beginning July 1, [2013] **2023**, each year the Board of Trustees shall  
2 set contribution rates for each State system that shall amortize:

3 [(1)] (I) all unfunded liabilities or surpluses accrued as of June 30, [2013]  
4 **2023**, over [25 years] **THE TIME REMAINING UNTIL JUNE 30, ~~2038~~ 2039**; and

5 [(2)] (II) any new unfunded liabilities or surpluses that have accrued from  
6 July 1 of the preceding fiscal year over **CLOSED PERIODS OF** [the time remaining until  
7 June 30, 2038, to reflect]:

8 [(i)] 1. **15 YEARS FOR** experience gains and losses;

9 [(ii)] 2. **25 YEARS FOR** the effect of changes in actuarial  
10 assumptions and methods; [and]

11 [(iii)] 3. **AT LEAST 10 BUT NOT EXCEEDING 15 YEARS FOR** the  
12 effect of **ANY NEW** legislation [effective on or after July 1, 2013]; **AND**

13 4. **5 YEARS FOR ACCRUED LIABILITY RESULTING FROM**  
14 **LEGISLATION PROVIDING INCENTIVES FOR THE EARLY RETIREMENT OF STATE**  
15 **EMPLOYEES.**

16 (2) **ON RECOMMENDATION OF THE SYSTEM'S ACTUARY, FOR THE**  
17 **PURPOSE OF MITIGATING TAIL VOLATILITY IN THE ANNUAL CONTRIBUTION RATE,**  
18 **THE BOARD OF TRUSTEES MAY ADJUST THE PERIOD OF AMORTIZATION UNDER**  
19 **PARAGRAPH (1)(II) OF THIS SUBSECTION FOR LIABILITIES OR SURPLUSES ACCRUED**  
20 **IN ANY FISCAL YEAR.**

21 (E) **THE BOARD OF TRUSTEES MAY NOT CERTIFY CONTRIBUTION RATES**  
22 **UNDER THIS SECTION THAT WOULD RESULT IN A CONTRIBUTION RATE BELOW THE**  
23 **NORMAL COST, AS DETERMINED BY THE SYSTEM'S ACTUARY.**

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
25 1, 2023.