

SENATE BILL 273

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CF HB 162

By: **Senator Jones–Rodwell (Chair, Joint Committee on Pensions)**

Introduced and read first time: January 26, 2012

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 20, 2012

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
15 local employers for administrative and operational expenses of the State
16 Retirement and Pension System.

17 BY repealing and reenacting, with amendments,
18 Article – State Personnel and Pensions
19 Section 21–303(d) and 21–316
20 Annotated Code of Maryland
21 (2009 Replacement Volume and 2011 Supplement)

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

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 **Article – State Personnel and Pensions**

2 21–303.

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

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

11 (3) (i) 1. Notwithstanding paragraph (2) of this subsection, if a
12 budget amendment is approved in any fiscal year for administrative and operational
13 expenses for the Board of Trustees and the State Retirement Agency, the Board of
14 Trustees may transfer the amount approved by budget amendment from the
15 accumulation funds of the State Retirement and Pension System to the expense funds
16 of the State Retirement and Pension System.

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

23 B. ANY FUNDS TRANSFERRED FROM THE
24 ACCUMULATION FUNDS UNDER SUBSUBPARAGRAPH (1) OF THIS
25 SUBPARAGRAPH RESULTING FROM AN UNDERPAYMENT OF ADMINISTRATIVE
26 AND OPERATIONAL EXPENSES OWED BY THE STATE OR LOCAL EMPLOYERS
27 UNDER § 21–316 OF THIS SUBTITLE, SHALL BE REIMBURSED TO THE
28 ACCUMULATION FUNDS AS PART OF THE ANNUAL OR QUARTERLY
29 ADMINISTRATIVE AND OPERATIONAL EXPENSE REIMBURSEMENTS ON OR
30 BEFORE JUNE 30 OF THE SECOND FOLLOWING FISCAL YEAR FROM PAYMENTS
31 FOR ADMINISTRATIVE AND OPERATIONAL EXPENSES RECEIVED BY THE BOARD
32 OF TRUSTEES UNDER § 21–316 OF THIS SUBTITLE BY THE APPROPRIATE
33 EMPLOYERS.

34 (ii) NOTWITHSTANDING PARAGRAPH (2) OF THIS
35 SUBSECTION, IF THE BOARD OF TRUSTEES AND THE STATE RETIREMENT
36 AGENCY RECEIVE ADMINISTRATIVE AND OPERATIONAL EXPENSES IN EXCESS
37 OF THE AMOUNT EXPENDED, THE BOARD OF TRUSTEES SHALL OFFSET THE

1 ANNUAL OR QUARTERLY ADMINISTRATIVE AND OPERATIONAL EXPENSE
2 REIMBURSEMENTS OF THE APPROPRIATE EMPLOYERS ON OR BEFORE JUNE 30
3 OF THE SECOND FOLLOWING FISCAL YEAR BY THE EXCESS AMOUNT OF
4 ADMINISTRATIVE AND OPERATIONAL EXPENSES RECEIVED.

5 21-316.

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

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

9 (3) "Local employer" means a participating employer other than the
10 State.

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

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

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

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

25 (d) (1) The Governor shall include in the budget bill an appropriation to
26 the expense funds of the State Retirement and Pension System that equals the
27 authorized administrative and operational expenses of the Board of Trustees and the
28 State Retirement Agency for the fiscal year.

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

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

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

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

9 (ii) notify the Secretary of Budget and Management and the
 10 Department of Legislative Services of the certifications sent under item (i) of this
 11 paragraph.

12 ~~(2) (I) ON OR BEFORE MAY 1 OF EACH YEAR, THE BOARD OF~~
 13 ~~TRUSTEES SHALL SEND THE PRELIMINARY CERTIFICATIONS AND~~
 14 ~~NOTIFICATIONS REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION.~~

15 ~~(II) ON OR BEFORE JULY 1 OF EACH YEAR, THE BOARD OF~~
 16 ~~TRUSTEES SHALL SEND THE FINAL CERTIFICATIONS AND NOTIFICATIONS~~
 17 ~~REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION.~~

18 ~~{(2)} (3)~~ On or before October 1, January 1, April 16, and June 1 of
 19 each fiscal year, each local employer shall pay to the Board of Trustees 25% of the
 20 amount certified to the local employer by the Board of Trustees under paragraph (1) of
 21 this subsection.

22 ~~{(3)} (4)~~ If a local employer does not pay the amounts required under
 23 this section within the time required, the local employer is liable for interest on
 24 delinquent amounts at a rate of 4% a year until payment.

25 ~~{(4)} (5)~~ The Secretary of the Board of Trustees may allow a grace
 26 period not to exceed 10 calendar days for payment of the amounts certified under this
 27 section.

28 ~~{(5)} (6)~~ On notification by the Secretary of the Board of Trustees
 29 that a delinquency exists, the State Comptroller immediately shall exercise the right
 30 of setoff against any money due or coming due to that local employer from the State.

31 ~~{(6)} (7)~~ A participating governmental unit or employer required to
 32 make employer contributions under § 21–307 of this subtitle may deduct the payments
 33 required under this section from payments for employer contributions required under
 34 §§ 21–305 through 21–307 of this subtitle.

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

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

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.