

SENATE BILL 273

K4

2lr1367
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

A BILL ENTITLED

1 AN ACT concerning

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

4 FOR the purpose of requiring the Board of Trustees for the State Retirement and
5 Pension System to send certain certifications and notifications of the amounts
6 payable by local employers for administrative and operational expenses of the
7 Board of Trustees and the State Retirement Agency on or before certain dates;
8 and generally relating to certain certifications and notifications of the amounts
9 payable by local employers for administrative and operational expenses of the
10 State Retirement and Pension System.

11 BY repealing and reenacting, with amendments,
12 Article – State Personnel and Pensions
13 Section 21–316
14 Annotated Code of Maryland
15 (2009 Replacement Volume and 2011 Supplement)

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

18 **Article – State Personnel and Pensions**

19 21–316.

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

21 (2) “Library” means a library that is established or operates under the
22 Education Article.

23 (3) “Local employer” means a participating employer other than the
24 State.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

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

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

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

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

25 (e) (1) [On or before May 1 of each year, the] **IN ACCORDANCE WITH**
26 **PARAGRAPH (2) OF THIS SUBSECTION, THE** Board of Trustees shall:

27 (i) [certify] **SEND A PRELIMINARY CERTIFICATION AND A**
28 **FINAL CERTIFICATION** to each local employer other than a library **OF** the amount
29 payable by the local employer that is equal to the percentage certified under
30 subsection (c) of this section multiplied by the amount of administrative and
31 operational expenses authorized in the State budget for the next fiscal year; and

32 (ii) notify the Secretary of Budget and Management and the
33 Department of Legislative Services of the certifications sent under item (i) of this
34 paragraph.

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

4 **(II) ON OR BEFORE JULY 1 OF EACH YEAR, THE BOARD OF**
5 **TRUSTEES SHALL SEND THE FINAL CERTIFICATIONS AND NOTIFICATIONS**
6 **REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION.**

7 **[(2)] (3)** On or before October 1, January 1, April 16, and June 1 of
8 each fiscal year, each local employer shall pay to the Board of Trustees 25% of the
9 amount certified to the local employer by the Board of Trustees under paragraph (1) of
10 this subsection.

11 **[(3)] (4)** If a local employer does not pay the amounts required under
12 this section within the time required, the local employer is liable for interest on
13 delinquent amounts at a rate of 4% a year until payment.

14 **[(4)] (5)** The Secretary of the Board of Trustees may allow a grace
15 period not to exceed 10 calendar days for payment of the amounts certified under this
16 section.

17 **[(5)] (6)** On notification by the Secretary of the Board of Trustees
18 that a delinquency exists, the State Comptroller immediately shall exercise the right
19 of setoff against any money due or coming due to that local employer from the State.

20 **[(6)] (7)** A participating governmental unit or employer required to
21 make employer contributions under § 21–307 of this subtitle may deduct the payments
22 required under this section from payments for employer contributions required under
23 §§ 21–305 through 21–307 of this subtitle.

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

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