

Chapter 474

(Senate Bill 273)

AN ACT concerning

State Retirement and Pension System – Administrative and Operational Expenses – Certifications and Notifications

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

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

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

Article – State Personnel and Pensions

21–303.

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

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

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

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

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

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

21–316.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Approved by the Governor, May 22, 2012.