

WHEREAS, A transition rule was enacted for governmental plans under which individuals who are members of a State system prior to July 1, 1996 are not subject to the compensation limit provided that the governmental plan is amended to incorporate the compensation limit effective for individuals who become members of the plan on or after July 1, 1996; and

WHEREAS, If a governmental plan is not amended to incorporate the compensation limit, the governmental plan may not take advantage of the transition rule; and

WHEREAS, It is important to amend the plan to incorporate the transition rule to assure that individuals who became members before July 1, 1996 are not subject to the compensation limit under § 401(a)(17) of the Internal Revenue Code and that the several systems remain in compliance with the requirements of § 401(a)(17) of the Internal Revenue Code for purposes of tax qualification; now, therefore,

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

Article – State Personnel and Pensions

20-207.

(A) THIS SECTION DOES NOT APPLY TO AN INDIVIDUAL WHO IS A MEMBER OF A STATE SYSTEM ON OR BEFORE JUNE 30, 1996.

(B) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, FOR PLAN YEARS BEGINNING ON OR AFTER JULY 1, 1996, THE ANNUAL COMPENSATION THAT MAY BE TAKEN INTO ACCOUNT WHEN DETERMINING THE RETIREMENT ALLOWANCE PAYABLE TO A MEMBER OF A STATE SYSTEM, MAY NOT EXCEED THE COMPENSATION LIMIT UNDER § 401(A)(17)(B) OF THE INTERNAL REVENUE CODE, OF \$150,000, AS ADJUSTED BY THE COMMISSIONER OF INTERNAL REVENUE FOR INCREASES IN THE COST OF LIVING IN ACCORDANCE WITH § 401(A)(17)(B) OF THE INTERNAL REVENUE CODE AND REGULATIONS ADOPTED THEREUNDER.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June 30, 1996.

Approved May 23, 1996.

CHAPTER 609

(House Bill 202)

AN ACT concerning

Sailwinds Park – Beach and Stage Area Loan of 1994

FOR the purpose of amending Chapter 302 of the Acts of the General Assembly of 1994, the Sailwinds Park – Beach and Stage Area Loan of 1994, as amended by Chapter 131 of the Acts of the General Assembly of 1995, to extend the time by which the