

of Trustees to the expense funds of the retirement systems; providing for the termination of certain discretionary powers of the Board of Trustees under this Act; requiring the Board of Trustees to use its best efforts to obtain certain income tax deferral opportunities for certain members of the retirement systems; making this Act an emergency measure; and generally relating to the restoration of membership and certain rights in the Employees' Retirement System of the State of Maryland and the Teachers' Retirement System of the State of Maryland.

BY adding to

Article 73B - Pensions

Section ~~3(a)(d)~~ 3(8)(d) and (e) and 83(8)(d) and (e)

Annotated Code of Maryland

(1988 Replacement Volume and 1990 Supplement)

BY repealing and reenacting, with amendments,

Article 73B - Pensions

Section 14(3)(a) and 89(3)(a)

Annotated Code of Maryland

(1988 Replacement Volume and 1990 Supplement)

Preamble

WHEREAS, Certain persons who were members of the Employees' Retirement System or Teachers' Retirement System and transferred to the Pension System for Employees or Pension System for Teachers ~~in 1987, 1988, and 1989~~ during the period from January 1, 1987 through July 10, 1990 put the taxable portion of their transfer refund into an Individual Retirement Account (IRA); and

WHEREAS, These persons currently face a significant federal and State tax burden because the taxing authorities take the position that the federal tax laws did not permit them to put this refund into an IRA, as explained in a Revenue Ruling issued by the Internal Revenue Service on July 10, 1990; and

WHEREAS, The Internal Revenue Service (IRS) desires to help these affected persons by allowing them to undo their transfers into an IRA which created this tax problem; and

WHEREAS, The solution proposed by the IRS is not permitted under Maryland law since it involves opening membership in the retirement systems for which membership is now closed; and

WHEREAS, The Maryland General Assembly can assist the affected persons by enacting legislation that will allow them to reenter the retirement systems in ways that the IRS and the Board of Trustees determine for the primary purpose of eliminating at least in part the substantial tax burden they now face; and

WHEREAS, The intent of the Maryland General Assembly is that a person shall be permitted to reenter the retirement system only if the person satisfies any and all conditions established by the Board of Trustees; and