

# Economic Impact Statement

Office of Legislative Oversight

## Expedited Bill 12-21

## Personnel – Employees’ Retirement System – Retirement Savings Plan-Group Trust - Amendments

### SUMMARY

The Office of Legislative Oversight (OLO) believes that enacting Expedited Bill 12-21 would have no significant economic impacts in the County.

### BACKGROUND

The goal of Expedited Bill 12-21 is to amend the County retirement plans to conform to changes in Federal Law. If enacted, Expedited Bill 12-21 would make the following changes:

- (1) “increase the mandatory required distribution age by which benefits must begin as permitted by a recent change to federal law;
- (2) change the timing of distributions of benefits for beneficiaries as required by a recent change to federal law;
- (3) change the submission timing of a beneficiary form for a GRIP, EOP or RSP participant;
- (4) permit the suspension of required minimum distributions for 2020 from the Retirement Savings Plan and Elected Officials’ Plan as permitted by recent federal law;
- (5) clarify the process for escheatment for certain distributions to participants in the Retirement Savings Plan, GRIP, or Elected Officials’ Plan when a participant or beneficiary cannot be located, or the participant or beneficiary has not accepted the distribution;
- (6) clarify operations of the Group Trust;
- (7) permit unitization of the Employees’ Retirement System held within the Group Trust to provide an investment option for defined contribution participants; and
- (8) generally amend the retirement laws.”<sup>1</sup>

### METHODOLOGIES, ASSUMPTIONS, AND UNCERTAINTIES

No methodologies were used in this analysis. The assumptions underlying the claims in subsequent sections are based on OLO staff judgment.

### VARIABLES

Not applicable

<sup>1</sup> Montgomery County Council, Expedited Bill 12-21, Personnel – Employees’ Retirement System – Retirement Savings Plan-Group Trust – Amendments, Introduced on March 16, 2021. See Introduction Staff Report, [https://apps.montgomerycountymd.gov/cc/llims/DownloadFilePage?FileName=2703\\_1\\_14299\\_Bill\\_12-2021\\_Introduction\\_20210316.pdf](https://apps.montgomerycountymd.gov/cc/llims/DownloadFilePage?FileName=2703_1_14299_Bill_12-2021_Introduction_20210316.pdf).

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## IMPACTS

WORKFORCE ▪ TAXATION POLICY ▪ PROPERTY VALUES ▪ INCOMES ▪ OPERATING COSTS ▪ PRIVATE SECTOR CAPITAL INVESTMENT ▪ ECONOMIC DEVELOPMENT ▪ COMPETITIVENESS

### Businesses, Non-Profits, Other Private Organization

OLO believes that Expedited Bill 12-21 would have no economic impacts on private organizations in the County in terms of the Council's priority indicators, namely business income, workforce, operating costs, capital investments, property values, taxation policy, economic development and competitiveness.<sup>2</sup>

### Residents

The changes to the County's retirement plan contained in Expedited Bill 12-21 would affect County employees. However, OLO does not believe that these changes would affect employees who reside in the County in a way that would significantly impact the Council's priority indicators.

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## DISCUSSION ITEMS

Not applicable

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## WORKS CITED

Montgomery County Code. Sec. 2-81B. Economic Impact Statements.

Montgomery County Council. Expedited Bill 12-21, Personnel – Employees' Retirement System – Retirement Savings Plan-Group Trust – Amendments. Introduced on March 16, 2021.

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## CAVEATS

Two caveats to the economic analysis performed here should be noted. First, predicting the economic impacts of legislation is a challenging analytical endeavor due to data limitations, the multitude of causes of economic outcomes, economic shocks, uncertainty, and other factors. Second, the analysis performed here is intended to *inform* the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

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## CONTRIBUTIONS

Stephen Roblin (OLO) prepared this report.

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<sup>2</sup> For the Council's priority indicators, see Montgomery County Code, Sec. 2-81B. Economic Impact Statements, [https://codelibrary.amlegal.com/codes/montgomerycounty/latest/montgomeryco\\_md/0-0-0-80894](https://codelibrary.amlegal.com/codes/montgomerycounty/latest/montgomeryco_md/0-0-0-80894).