

Department of Legislative Services
Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 789
Appropriations

(Delegates Forbes and Griffith)

Law Enforcement Officers' Pension System - Military Service Credit Eligibility

This bill allows a member or vested former member of the Law Enforcement Officers' Pension System (LEOPS) to earn military service credit even if that member or former member receives service credit for the same military service under another retirement system. However, a member may not receive military service credit from the State more than once. **The bill takes effect July 1, 2026.**

Fiscal Summary

State Effect: State pension liabilities and contributions increase minimally beginning in FY 2029, potentially by more than \$340,000 and \$42,600, respectively. Costs are assumed to increase annually according to actuarial assumptions and be allocated to general and special funds in proportion to the number of LEOPS members compensated by each fund source. To the extent that LEOPS members are more likely than the general population to have retired from the U.S. Armed Forces, the fiscal effect may be slightly greater. No effect on revenues.

Local Effect: Negligible increase in local participating governmental units' (PGUs) pension liabilities, and no discernible effect on local employer contributions due to the small number of affected members in the PGU pool. No effect on local revenues.

Small Business Effect: None.

Analysis

Current Law: In general, any member or vested former member of the State Retirement and Pension System (SRPS) who accrues 10 years of service as a member of any State plan

may receive 1 year of additional service credit for each year of prior active military duty performed, up to a maximum of 5 years. That credit is granted at no cost to the member or former member and is applied using the accrual rate in effect when the member or former member submits an application for the credit to the State Retirement Agency (SRA).

However, SRPS members or vested former members who claim credit for the same military service from another retirement system may not receive military service credit from SRPS, unless they claimed credit for that military service from:

- Social Security;
- National Railroad Retirement Act; or
- National Guard or military reserves pensions (Title 3 or Title 10 of the U.S. Code).

This generally means that any SRPS member receiving a military pension after completing 20 years of *active* military service cannot claim the military service credit from SRPS.

State Expenditures: SRA does not have reliable data on the number of State employees with prior military service, nor data on the number who have retired from the military and are receiving a military pension. Therefore, a reliable estimate of the number of LEOPS members who would be eligible to claim military service credit under the bill cannot be determined.

However, using a variety of data sources, *and for illustrative purposes only*, the Department of Legislative Services estimates that about 3 current active members of LEOPS may be eligible for military service credit under the bill. The General Assembly's consulting actuary identified 128 active members in LEOPS who fit the profile of individuals who could be eligible to claim additional service credit. These individuals are generally at least age 50 and, therefore, could have served 20 years in the military and earned 10 years of service credit in SRPS, making them eligible for the military service credit. Published reports by the U.S. Department of Defense indicate that approximately 55,600 military retirees live in Maryland, which is 2.4% of the State's population age 50 or older. Assuming the same percentage of LEOPS members identified by the actuary in that age group are military retirees, approximately 3 LEOPS members affected by the bill may be eligible for 5 years of military service credit. To the extent that individuals in law enforcement roles may be more likely to have served in (and retired from) the military, the number of affected individuals may be greater.

This analysis can only determine the increase in pension liabilities and employer contributions if a "typical" member of LEOPS claimed an additional five years of service credit. Since the bill applies only to individuals with a 20-year pension, it is assumed that they all claim the maximum five years of credit allowed by the State. The earliest that an individual covered by the bill can claim military service credit is fiscal 2027. That credit

is, therefore, counted in the July 1, 2027 actuarial valuation, which calculates contribution rates for fiscal 2029. Based on the actuarial assumptions for a typical LEOPS member, the estimated annual cost for a single member to claim the bill's service credit is \$14,200, and the associated increase in actuarial liabilities is \$114,400 per member. These costs would begin in fiscal 2029 and increase annually according to actuarial assumptions. *For illustrative purposes only*, if the estimated three members earn the military service credit, total State pension liabilities increase by more than \$340,000 and employer contributions increase by approximately \$42,600 in fiscal 2029.

As the military service credit allowed by the bill counts toward both eligibility and creditable service, some affected members may retire earlier than they otherwise would because of the additional eligibility service credit they receive. Early retirements can increase pension liabilities because benefits are paid over a longer period of time; however, this analysis does not address the fiscal effects from earlier retirements.

Additional Information

Recent Prior Introductions: Similar legislation has been introduced within the last three years. See HB 1102 of 2025.

Designated Cross File: SB 491 (Senator Salling) - Budget and Taxation.

Information Source(s): Bolton; Maryland Municipal League; State Retirement Agency; US Census Bureau; Department of Legislative Services

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sj/mcr

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