

SENATE BILL 868

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2002 Regular Session
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By: **Senator Hafer**

Introduced and read first time: February 21, 2002

Assigned to: Rules

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Committee Report: Favorable

Senate action: Adopted

Read second time: March 28, 2002

CHAPTER 341

1 AN ACT concerning

2 **Employees' Pension System - Participating Governmental Units -**
3 **Contributory Pension Benefit**

4 FOR the purpose of allowing the employees of certain participating governmental
5 units who are members of the Employees' Pension System to become subject to a
6 certain contributory pension benefit that alters the benefits those members
7 receive and requires a certain member contribution; authorizing the purchase of
8 service credit under certain circumstances; requiring certain participating
9 governmental units to pay for certain additional pension liabilities according to
10 any increases in the normal cost percentage plus a certain amortization
11 schedule approved by the Board of Trustees for the State Retirement and
12 Pension System; and generally relating to participation in the contributory
13 pension benefit portion of the Employees' Pension System by employees of
14 certain participating governmental units.

15 BY repealing and reenacting, with amendments,
16 Article - State Personnel and Pensions
17 Section 21-307, 23-307.1, and 31-116
18 Annotated Code of Maryland
19 (1997 Replacement Volume and 2001 Supplement)

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

1 **Article - State Personnel and Pensions**

2 21-307.

3 (a) For a permanent employee of a board of supervisors of elections who is a
4 member of the Employees' Retirement System or the Employees' Pension System, the
5 county where the member is employed shall:

6 (1) pay to the Board of Trustees the employer contributions otherwise
7 required to be made by the State on behalf of the member; and

8 (2) deduct from the compensation payable to the member and pay to the
9 Board of Trustees the required member contributions.

10 (b) (1) For a master in chancery or a master in juvenile causes who is
11 eligible for benefits under the Judges' Retirement System, the county where the
12 master serves shall pay to the Judges' Retirement System a portion of the employer
13 contributions required to be paid on behalf of the master as determined under
14 paragraph (2) of this subsection.

15 (2) The amount payable by a county for a master under this subsection is
16 the product of multiplying:

17 (i) the sum of the accrued liability contribution rate and the
18 normal contribution rate; and

19 (ii) the difference between the master's current earnable
20 compensation and the earnable compensation of the master as of January 1, 1989.

21 (c) For a member or retiree who transferred to the Teachers' Retirement
22 System of the State of Maryland from the Employees' Retirement System of the City
23 of Baltimore, the local system shall pay any excess of the amount to which the
24 member or retiree would have been entitled under the provisions of the local system
25 as they existed as of July 1, 1971, over the amount that is provided under this
26 Division II.

27 (d) For an additional employee or agent of the State Racing Commission who
28 is a member of the Employees' Pension System, the licensees of the State Racing
29 Commission shall pay the employer contributions otherwise required to be made by
30 the State on behalf of the member in the manner that the licensees pay the salary for
31 an additional employee or agent under the Maryland Horse Racing Act.

32 (e) For an employee of Dorchester County who is a member of the Employees'
33 Pension System or the Employees' Retirement System, Dorchester County shall pay
34 the employer contributions otherwise required to be made by the State on behalf of
35 the member.

36 (f) (1) For a member of the State Police Retirement System, the State shall
37 pay the cost of special death benefits under § 29-204(b)(1)(ii) of this article, including
38 the normal contribution rate and the accrued liability rate, up to the current

1 contribution rate for employers for federal old age, survivors, and disability
2 insurance.

3 (2) Except as provided in paragraph (3) of this subsection, the members
4 shall pay the cost of the special death benefits that exceeds the current rate for
5 federal old age, survivors, and disability insurance.

6 (3) The State shall pay the full costs of each special death benefit
7 applicable to each member whose death arises out of or in the course of actual
8 performance of duty.

9 (g) For an employee of the Maryland Environmental Service who is a member
10 of the Employees' Retirement System or the Pension System for Employees, the
11 Maryland Environmental Service shall pay to the Board of Trustees the employer
12 contributions otherwise required to be made by the State on behalf of the member.

13 (h) For a court reporter for the Circuit Court for Charles County who is a
14 member of the Employees' Retirement System or the Employees' Pension System, the
15 County Commissioners of Charles County shall pay the employer contributions
16 otherwise required to be made by the State on behalf of the member.

17 (i) (1) Except as provided in subsection (j) of this section, the University
18 System of Maryland shall pay an annual accrued liability contribution equal to an
19 amount that is sufficient to liquidate over not more than 5 years, the increase in the
20 accrued liability by means of annual payments that increase each year based on
21 actuarial assumptions adopted by the Board of Trustees on the recommendation of
22 the actuary.

23 (2) The University System of Maryland:

24 (i) shall pay to the Board of Trustees the amount required under
25 this subsection on July 1 of each year until the increase in the accrued liability is paid
26 in full; and

27 (ii) may prepay all or a portion of the increase in the accrued
28 liability in accordance with a calculation approved by the Board of Trustees.

29 (j) (1) The Medical System, as defined in § 13-301(k) of the Education
30 Article, shall pay an annual accrued liability contribution equal to an amount that is
31 sufficient to liquidate, over not more than 5 years, the increase in the accrued liability
32 determined under § 21-304(d)(5) of this subtitle that is attributable to the retirement
33 of Medical System university personnel, as defined in § 13-301(q) of the Education
34 Article, by means of annual payments that increase each year based on actuarial
35 assumptions adopted by the Board of Trustees on the recommendation of the actuary.

36 (2) The Medical System:

37 (i) shall pay to the Board of Trustees the amount required under
38 this subsection on July 1 of each year until the increase in the accrued liability is paid
39 in full; and

1 (ii) may prepay all or a portion of the increase in the accrued
2 liability in accordance with a calculation approved by the Board of Trustees.

3 (k) For each employee who is subject to the contributory pension benefit under
4 Title 23, Subtitle 2, Part II of this article, Frederick County shall pay the additional
5 liabilities that result from the contributory pension benefit according to a schedule of
6 amortization that is subject to the approval of the Board of Trustees.

7 (L) FOR EACH EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT THAT
8 INITIALLY ELECTS TO PROVIDE ITS EMPLOYEES WITH THE CONTRIBUTORY PENSION
9 BENEFIT UNDER TITLE 23, SUBTITLE 2, PART II OF THIS ARTICLE BETWEEN JULY 1,
10 2002 AND DECEMBER 31, 2002, INCLUSIVE, THE PARTICIPATING GOVERNMENTAL
11 UNIT SHALL PAY THE ADDITIONAL LIABILITIES THAT RESULT FROM THE
12 CONTRIBUTORY PENSION BENEFIT ACCORDING TO ANY INCREASE IN THE NORMAL
13 COST PERCENTAGE PLUS A SCHEDULE OF AMORTIZATION THAT IS SUBJECT TO THE
14 APPROVAL OF THE BOARD OF TRUSTEES.

15 23-307.1.

16 (a) This section applies only to a former member, member, retiree, or surviving
17 beneficiary of the Employees' Pension System who, while a member, was an employee
18 of a participating governmental unit that elected the contributory pension benefit for
19 its employees under § 31-116 of this article.

20 (b) Except as provided in subsection (c) of this section, a member who is
21 subject to the contributory pension benefit under Subtitle 2, Part II of this title may
22 purchase credit for eligibility service for the period of employment from July 1, 1998,
23 through the effective date of election of the member's participating employer, by
24 paying to the Board of Trustees:

25 (1) on or before June 30, [2000] 2003, the amount the member would
26 have been required to contribute for that period of employment; or

27 (2) on or after July 1, [2000] 2003, the amount the member would have
28 been required to contribute for that period of employment plus regular interest
29 compounded annually.

30 (c) If the member fails to make the payment as provided under subsection (b)
31 of this section, the Board of Trustees shall reduce actuarially the allowance payable to
32 a former member, retiree, or surviving beneficiary of a deceased member, former
33 member, or retiree.

34 31-116.

35 (a) On or before December 31, [1999] 2002, a participating governmental unit
36 may elect to provide its employees with the contributory pension benefit under Title
37 23 of this article as provided in this section by submitting its election on a form
38 provided by the State Retirement Agency.

1 (b) (1) If a participating governmental unit elects to provide its employees
2 with the contributory pension benefit under Title 23 of this article, an employee of the
3 participating governmental unit who is a member of the Employees' Pension System
4 shall be entitled to the benefits as provided in § 23-218 of this article, effective on the
5 later of July 1, 1998, or the date the employee became a member of the Employees'
6 Pension System, unless the employee transferred to the Employees' Pension System
7 after April 1, 1998.

8 (2) If an employee of a participating governmental unit transferred to
9 the Employees' Pension System after April 1, 1998, the employee is not subject to
10 Title 23, Subtitle 2, Part II of this article and is not entitled to the benefits as
11 provided in § 23-218 of this article.

12 (c) An election by a participating governmental unit under this section is
13 irrevocable.

14 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
15 July 1, 2002.