## SENATE BILL 560

K4 5lr0900

By: Senator Peters

Introduced and read first time: February 6, 2015

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 23, 2015

CHAPTER

## 1 AN ACT concerning

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## Employees' Pension System – <del>Elected and Appointed Officials –</del> Optional Membership

FOR the purpose of providing that membership in the Employees' Pension System is 4 5 optional for certain officials who are elected or appointed for a fixed term; requiring 6 certain individuals who elect to join the Employees' Pension System to complete a 7 certain form and file it with the Board of Trustees for the State Retirement and 8 Pension System within a certain period of time; providing that certain individuals 9 who do not make an election to join the Employees' Pension System within a certain 10 period of time may not join the Employees' Pension System; providing that certain 11 individuals' election or failure to elect to join the Employees' Pension System is a 12 one-time, irrevocable decision; simplifying and clarifying certain provisions of law 13 regarding mandatory and optional membership of employees of participating governmental units in the Employees' Pension System; requiring the Board of 14 15 Trustees to adopt certain regulations; making conforming changes; and generally relating to optional membership in the Employees' Pension System for certain 16 elected and appointed officials. 17

- 18 BY repealing and reenacting, with amendments,
  - Article State Personnel and Pensions
- Section 21–305.3(a)(3), 23–201(a) and (b), 23–204, 31–111.4(a), 31–111.8(a), and
- 31-113(b)(1)(iii) and (d)(1)(i)
- 22 Annotated Code of Maryland
- 23 (2009 Replacement Volume and 2014 Supplement)

## EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

<u>Underlining</u> indicates amendments to bill.

Strike out indicates matter stricken from the bill by amendment or deleted from the law by amendment.

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1 2 3 4 5	BY repealing and reenacting, without amendments,  Article – State Personnel and Pensions Section 23–201(b)  Annotated Code of Maryland (2009 Replacement Volume and 2014 Supplement)			
6 7	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:			
8	Article - State Personnel and Pensions			
9	21–305.3.			
10 11 12 13	(a) (3) "Special accrued liability" means, as to any participating governmental unit, the liability of the employees' systems on account of the employees of the participating governmental unit who elect to become members under § [23–204(b)] 23–204(A) of this article.			
14	23–201.			
15 16	(a) Except as provided in subsection (b) of this section, §§ 23–203 [through] AND 23–205 of this subtitle apply only to:			
17 18	(1) a regular employee whose compensation is provided by State appropriation or paid from State funds;			
19	(2) an appointed or elected official of the State, including:			
20	(i) a clerk of the circuit court;			
21	(ii) a register of wills;			
22	(iii) a State's Attorney; and			
23	(iv) a sheriff;			
24 25 26 27 28	(3) EXCEPT AS PROVIDED IN § 23–204 OF THIS SUBTITLE, an employee or official of a participating governmental unit who is eligible to participate under Title 31, Subtitle 1 of this article WHO BECOMES AN EMPLOYEE OF THE PARTICIPATING GOVERNMENTAL UNIT AFTER THE EFFECTIVE DATE OF PARTICIPATION, AS DEFINED UNDER § 31–101(C) OF THIS ARTICLE;			
29	(4) an employee of the Office of the Sheriff of Baltimore City;			
30	(5) an additional employee or agent of the State Racing Commission			

authorized by § 11–207 of the Business Regulation Article;

- 1 (6) a permanent employee of the board of supervisors of elections of a 2 county;
- 3 (7) a full—time master in chancery or in juvenile causes who is appointed 4 on or after July 1, 1989, in any county by the circuit court for that county;
- 5 (8) an employee of the Maryland Environmental Service who is a member 6 of the Employees' Pension System on June 30, 1993, or transfers from the Employees' 7 Retirement System on or after July 1, 1993;
- 8 (9) a former Baltimore City jail employee who became an employee of the 9 Baltimore City Detention Center and a member of the Employees' Pension System on July 10 1, 1991;
- 11 (10) a nonfaculty employee of the Baltimore City Community College who:
- 12 (i) is a member of the Employees' Pension System on October 1, 13 2002;
- 14 (ii) transfers from the Employees' Retirement System on or after 15 October 1, 2002;
- 16 (iii) transfers from the Teachers' Pension System in accordance with 17 § 23–202.1 of this subtitle; or
- 18 (iv) becomes an employee of the Baltimore City Community College 19 on or after October 1, 2002;
- 20 (11) a court reporter for the Circuit Court for Charles County who is a 21 member of the Employees' Pension System on July 1, 1994, or transfers from the 22 Employees' Retirement System on or after July 1, 1994;
- 23 (12) a staff employee of the University System of Maryland, Morgan State 24 University, or St. Mary's College who is:
- 25 (i) a member of the Employees' Pension System on January 1, 1998, or transfers from the Employees' Retirement System on or after January 1, 1998; or
- 27 (ii) a staff employee of the University System of Maryland, Morgan 28 State University, or St. Mary's College who becomes an employee on or after January 1, 29 1998;
- [(13)] on or after the date that the Board of Education of Kent County begins participation in the Employees' Pension System, a supportive service employee of the Board of Education of Kent County;

- 1 an employee of the Town of Oakland on or after the date that the Town 2 of Oakland begins participation in the Employees' Pension System; 3 an employee of the City of Frostburg on or after the date that the City of Frostburg begins participation in the Employees' Pension System; 4 5 an employee of the Town of Berwyn Heights on or after the date that 6 the Town of Berwyn Heights begins participation in the Employees' Pension System; 7 an employee of the Town of Sykesville on or after the date that the Town (17)8 of Sykesville begins participation in the Employees' Pension System; 9 an employee of the Town of University Park on or after the date that the Town of University Park begins participation in the Employees' Pension System: 10 [(19)] (13) AN INDIVIDUAL WHO, ON AND BEFORE THE EFFECTIVE 11 12 DATE OF PARTICIPATION AS DEFINED UNDER § 31–101(C) OF THIS ARTICLE, IS: 13 **(I)** A SUPPORTIVE SERVICE EMPLOYEE OF THE BOARD OF 14 **EDUCATION OF KENT COUNTY;** 15 (II) AN EMPLOYEE OF THE TOWN OF OAKLAND; 16 (III) AN EMPLOYEE OF THE CITY OF FROSTBURG; AN EMPLOYEE OF THE TOWN OF SYKESVILLE; OR 17 (IV) AN EMPLOYEE OF THE TOWN OF UNIVERSITY PARK; AND 18 (V) 19 [(19)] (14) an employee of the Maryland Automobile Insurance Fund on or 20 after the date that the Maryland Automobile Insurance Fund begins participation in the Employees' Pension System [; and 2122an employee of the City of College Park on or after the date that the 23City of College Park begins participation in the Employees' Pension System]. 24 (b) Sections 23–203 through AND 23–205 of this subtitle do not apply to: 25 an individual who is or is entitled to be a member of any State system (1)other than the Employees' Pension System; 26 27 (2) a contractual, emergency, or temporary extra employee;
- 28 (3) an individual who is employed under a federal public service 29 employment program;

- 1 an assessor who is a member of a retirement or pension system operated **(4)** 2 by a political subdivision of the State: 3 an employee of a local board of elections who chooses to stay in a local merit system under § 2–207 of the Election Law Article; 4 5 a nonclerical or nonprofessional employee of the Baltimore City 6 Community College who: 7 was an employee of the New Community College of Baltimore during the 1989-1990 academic year: 8 9 was employed by the New Community College of Baltimore on or (ii) before December 31, 1990, as a "Class A" member of the Baltimore City Retirement Plan; 10 11 and 12 (iii) elected to remain a member of the Baltimore City Retirement 13 Plan; 14 an employee who is not a member of a State system and who accepts a (7)position for which the budgeted hours per fiscal year are less than 500 hours in the first 15 fiscal year of employment; 16 17 an employee of the Domestic Relations Division of the Anne Arundel County Circuit Court who: 18 19 was transferred on or after July 1, 2002, into the State Personnel (i) 20 Management System as an employee of the Child Support Enforcement Administration of the Maryland Department of Human Resources; 21 22elected, under § 2-510 of the Courts Article, to remain as a (ii) participant in the Anne Arundel County Retirement and Pension System; and 23 24remains as an employee of the Child Support Enforcement (iii) Administration of the Maryland Department of Human Resources or an attorney employed 25to represent the Child Support Enforcement Administration; 2627 a nonfaculty employee of the Baltimore City Community College who is 28 eligible to participate and elects to participate in an optional retirement program under Title 30 of this article: 29 30 an appointed or elected official who on or after July 1, 2007, is a member
- of any other State or local retirement or pension system as defined under Title 37 of this article; or
- 33 (11) the Director of the Department of Social Services in Montgomery 34 County who:

- 1 was transferred into the State Personnel Management System 2 as an employee of the Social Services Administration of the Maryland Department of 3 **Human Resources:** elected, under § 3-403.1 of the Human Services Article, to 4 (ii) 5 remain as a participant in the Montgomery County Employees' Retirement System; and 6 remains as an employee of the Social Services Administration of 7 the Maryland Department of Human Resources. 8 23 - 204.9 This subsection applies to an individual who on June 30, 2004, (a) (1) MEMBERSHIP IN THE EMPLOYEES' PENSION SYSTEM IS OPTIONAL FOR AN 10 11 INDIVIDUAL WHO receives an annual salary and who is: 12 an OFFICIAL, elected or appointed [official] FOR A FIXED TERM; (i) 13 (ii) an employee of the Governor's office; 14 (iii) an employee of the Senate or House of Delegates; 15 a member of the Prince George's County Board of License (iv) 16 Commissioners; [or] 17 an employee of Dorchester County who is not a member of the (v) 18 county's general pension and retirement program; OR EXCEPT AS PROVIDED IN SUBSECTION (D) (G) OF THIS 19 SECTION AND § 23-201(A) OF THIS SUBTITLE, AN EMPLOYEE OF A PARTICIPATING 20 GOVERNMENTAL UNIT WHO IS EMPLOYED BY THE PARTICIPATING GOVERNMENTAL 21 22UNIT BEFORE THE EFFECTIVE DATE OF PARTICIPATION AND WHO REMAINS AN 23 EMPLOYEE OF THE PARTICIPATING GOVERNMENTAL UNIT THROUGH THE 24EFFECTIVE DATE OF PARTICIPATION, AS DEFINED UNDER § 31-101(C) OF THIS 25**ARTICLE** PARTICIPATION. 26 THIS SUBSECTION DOES NOT APPLY TO AN INDIVIDUAL EMPLOYED BY PRINCE GEORGE'S COUNTY WHO IS SUBJECT TO THE PROVISIONS OF 27 SUBSECTION (D) OF THIS SECTION. AN INDIVIDUAL DESCRIBED UNDER PARAGRAPH 28
- 29 (1)(I) THROUGH (V) OF THIS SUBSECTION WHO ELECTS TO JOIN THE EMPLOYEES'
  30 PENSION SYSTEM SHALL MAKE THE ELECTION AT COMMENCEMENT OF
  31 EMPLOYMENT BY FILING A WRITTEN APPLICATION WITH THE BOARD OF TRUSTEES
  32 ON A FORM THAT THE BOARD OF TRUSTEES PROVIDES.

1	(3) An individual described under paragraph (1)(vi) of this				
2	SUBSECTION WHO ELECTS TO JOIN THE EMPLOYEES' PENSION SYSTEM SHALL				
3	MAKE THE ELECTION PRIOR TO THE EFFECTIVE DATE OF PARTICIPATION BY FILING				
4	A WRITTEN APPLICATION WITH THE BOARD OF TRUSTEES ON A FORM THAT THE				
5	BOARD OF TRUSTEES PROVIDES.				
6	(4) AN ELECTION TO JOIN THE EMPLOYEES' PENSION SYSTEM				
7	UNDER THIS SUBSECTION IS A ONE-TIME, IRREVOCABLE ELECTION.				
_					
8	[(2) Membership in the Employees' Pension System is optional for an				
9	individual under paragraph (1) of this subsection while the individual remains employed				
0	in the position the individual held on June 30, 2004.]				
1	(3) (1) An individual described under paragraph (1) of				
$\overline{2}$	THIS SUBSECTION WHO ELECTS TO JOIN THE EMPLOYEES' PENSION SYSTEM SHALI				
13	MAKE THE ELECTION:				
4	1. IN WRITING ON A FORM PROVIDED BY THE BOARD OF				
5	Trustees; and				
6	2. A. WITHIN 3 MONTHS OF FIRST BECOMING				
L7	EMPLOYED IN A POSITION DESCRIBED IN PARAGRAPH (1)(I) THROUGH (V) OF THIS				
18	SUBSECTION; OR				
9	B. WITHIN 3 MONTHS OF THE EFFECTIVE DATE OF				
20	PARTICIPATION OF THE PARTICIPATING GOVERNMENTAL UNIT EMPLOYING THE				
21	INDIVIDUAL UNDER PARAGRAPH (1)(VI) OF THIS SUBSECTION.				
<b>4</b> 1	INDIVIDURE CIVILING MAIN IN (1)(VI) OF THIS SUBSECTION.				
22	(H) (5) IF AN ELECTION TO JOIN THE EMPLOYEES' PENSION				
23	SYSTEM IS NOT RECEIVED BY THE BOARD OF TRUSTEES WITHIN THE PERIOD OF				
24	TIME DESCRIBED IN SUBPARAGRAPH (I)2 OF THIS PARAGRAPH, PARAGRAPH (2) OR				
25	(3) OF THIS SUBSECTION, THE INDIVIDUAL MAY NOT ELECT TO JOIN THE				
26	EMPLOYEES' PENSION SYSTEM WHILE EMPLOYED IN THAT POSITION.				
27	(III) AN INDIVIDUAL'S ELECTION TO JOIN THE EMPLOYEES				
28	PENSION SYSTEM OR AN INDIVIDUAL'S FAILURE TO ELECT TO JOIN THE				
29	EMPLOYEES' PENSION SYSTEM WITHIN THE REQUIRED TIME PERIOD IS A				
30	ONE-TIME, IRREVOCABLE DECISION.				

- 31 (4) (6) THE BOARD OF TRUSTEES SHALL ADOPT REGULATIONS TO 32 IMPLEMENT THIS SUBSECTION.

1	<del>under paragrap</del>	h (1)(i) o	f this subsection may elect to join the Employees' Pension System
2			nent or July 1, 2008, whichever is later.
	J	1 0	
3		<del>(ii)</del>	An individual under paragraph (1)(i) of this subsection who elects
4	to join the Em	<del>plovees'</del>	Pension System under subparagraph (i) of this paragraph, may
5			r local retirement or pension system to the Employees' Pension
6	System in accor	dance w	ith Title 37 of this article, any service credit earned while serving
7	in that position		ton Title of or one article, any service crear carnea while serving
'	iii tiiat positioii	•	
8	<del>(b)</del> <del>(1)</del>	This	subsection does not apply to:
9		<del>(i)</del>	an employee of the Town of Berwyn Heights;
10		<del>(ii)</del>	the City of College Park; or
11		<del>(iii)</del>	an individual employed by Prince George's County who is subject
$\frac{11}{12}$	to the provision	` '	ection (g) of this section.
14	to the provision	<del>auna 10 a.</del>	ection (g) or time section.
13	<del>(2)</del>	+ <del>(i)</del>	Except as provided in paragraph (3) of this subsection, this
$\frac{10}{14}$	` /	` /	the employees of a participating governmental unit who:
1-1	babbeetton appi	ics only t	o the employees of a participating governmental and who.
15			1. are employed by the participating governmental unit on
16	<del>June 30, 2004; a</del>	and	i. are employed by the participating governmental and on
10	ounc 50, 2001, t	ana	
17			2. were employed by the participating governmental unit on
18	the effective day	te of nart	icipation in the State systems.
10	tilo ollocolvo da	oc or pare	iorpation in the state systems.
19		<del>(ii)</del>	Except as provided in paragraph (3) of this subsection,
20	momborahin in	` '	reployees' Pension System is optional for an individual under
21			s paragraph until the individual ceases employment with the
22			etal unit that was employing the individual on June 30, 2004.
22	<del>participating ge</del>	<del>) v et miner</del>	ttar unit that was employing the marviauar on same 50, 2001.
23	(2)	(B)	(1) Membership in the Employees' Pension System is not
$\frac{23}{24}$	optional for ind		<u> </u>
<b>4</b> 4	optional for mu	ividuais	who are.
25		(i)	supportive service employees of the Board of Education of Kent
	Committee	(1)	supportive service employees of the board of Education of Kent
26	County;		
97		(::)	amplement of the Town of Oakland.
27		(ii)	employees of the Town of Oakland;
00		····	
28		(iii)	employees of the City of Frostburg;
00		<i>(</i> • )	
29		(iv)	employees of the Town of Sykesville; or
0.0		( )	
30		(v)	employees of the Town of University Park.

- 1 (2) MEMBERSHIP IN THE EMPLOYEES' PENSION SYSTEM IS NOT
  2 OPTIONAL FOR AN INDIVIDUAL WHO WAS EMPLOYED IN A POSITION ON OR BEFORE
  3 JUNE 30, 2015, THAT REQUIRED THE INDIVIDUAL TO BE A MEMBER OF THE
  4 EMPLOYEES' PENSION SYSTEM, WHILE THE INDIVIDUAL REMAINS IN THAT
  5 POSITION.
- 6 (c) (E) (Subject to paragraph (2) of this subsection, membership in the Employees' Pension System is optional for an individual described in § 23–201(a)(2)(iv) of this subtitle who is elected or appointed as the Baltimore City Sheriff.
- 9 (2) An individual who is elected or appointed as the Baltimore City Sheriff 10 and who does not elect to join the Employees' Pension System is a member of the Law 11 Enforcement Officers' Pension System under Title 26 of this article as a condition of 12 employment.
- 13 (3) To elect to be a member of the Employees' Pension System under this subsection, an individual shall file a written application with the State Retirement Agency
  15 MAKE THE ELECTION AT COMMENCEMENT OF EMPLOYMENT BY FILING A WRITTEN APPLICATION WITH THE BOARD OF TRUSTEES ON A FORM THAT THE BOARD OF TRUSTEES PROVIDES.
- 18 (4) An individual who does not elect membership within 6 months of the 19 date the individual begins serving as the Baltimore City Sheriff shall become a member of 20 the Law Enforcement Officers' Pension System.
- 21 **{**(d)**} (C)** (1) This subsection applies to an individual described in § 22 23–201(a)(2)(iv) of this subtitle who elects membership in the Employees' Pension System 23 under this section.
- 24 (2) An individual described in paragraph (1) of this subsection may elect 25 membership in the Law Enforcement Officers' Pension System if the county employing the 26 individual elects to become an eligible governmental unit in the Law Enforcement Officers' 27 Pension System in accordance with §§ 31–2A–02 through 31–2A–05 of this article.
- 28 (3) If an individual transfers to the Law Enforcement Officers' Pension 29 System under this subsection, the eligible governmental unit is responsible for all employer 30 contributions required for the individual under § 21–306.1 of this article.
- 31 **{**(e) (1) This subsection applies only to an individual who is an employee of the 32 Town of Berwyn Heights on June 30, 2008.
- 33 (2) Subject to paragraph (3) of this subsection, membership in the 34 Employees' Pension System is optional for an individual described in paragraph (1) of this 35 subsection who elects membership on July 1, 2008.

- 1 To elect to be a member of the Employees' Pension System, an (3)2 individual shall file a written application with the Board of Trustees on a form that the 3 Board of Trustees provides. 4 (f) This subsection applies only to an individual who is an employee of the City of College Park on June 30, 2014. 5 6 Subject to paragraph (3) of this subsection, membership in the 7 Employees' Pension System is optional for an individual described in paragraph (1) of this 8 subsection who elects membership on July 1, 2014. 9 (3)To elect to be a member of the Employees' Pension System, an 10 individual shall file a written application with the Board of Trustees on a form that the 11 Board of Trustees provides. 12 **f**(g)**f** (D) (1) This subsection applies to an individual who is employed by 13 Prince George's County as: 14 the Chief Administrative Officer: (i) 15 (ii) a Deputy Chief Administrative Officer; 16 a director of a county office or department; (iii) 17 (iv) a County Council Administrator; 18 (v) a Deputy Director of a county office or department; or 19 (vi) an Executive Director. 20 Membership in the Employees' Pension System is optional for an (2)21individual who begins serving in a position listed in paragraph (1) of this subsection on or 22after July 1, 2014. 23An individual described under subparagraph (i) of this paragraph who elects to join the Employees' Pension System shall make the election in 2425writing on a form provided by the Board of Trustees and must file the form with the Board 26 of Trustees within 1 year of employment MAKE THE ELECTION AT COMMENCEMENT OF 27 EMPLOYMENT BY FILING A WRITTEN APPLICATION WITH THE BOARD OF TRUSTEES 28 ON A FORM THAT THE BOARD OF TRUSTEES PROVIDES. Membership in the Employees' Pension System is mandatory for: 29(3)30 (i) an individual who:
- 1. is employed in one of the positions listed under paragraph 32 (1) of this subsection on or before June 30, 2014; and

$\frac{1}{2}$	2. is enrolled as a member of the Employees' Pension System; or
3 4 5	(ii) an individual described under paragraph (2)(i) of this subsection who elected to join the Employees' Pension System under paragraph (2)(ii) of this subsection.
6 7	(4) Membership in the Employees' Pension System is prohibited for an individual who:
8 9	(i) begins serving in a position listed in paragraph (1) of this subsection on or after July 1, 2004, but before July 1, 2014;
10 11	(ii) remains in a position listed in paragraph (1) of this subsection on or after July 1, 2014; and
12	(iii) is not enrolled in the Employees' Pension System.
13 14 15 16	(5) (i) An individual's election under paragraph (2)(ii) of this subsection to join the Employees' Pension System or an individual's failure to elect to join the Employees' Pension System within the required time period is a one–time, irrevocable decision.
17 18 19 20	(ii) An individual employed in one of the positions listed under paragraph (1) of this subsection who does not elect to join the Employees' Pension System under paragraph (2)(ii) of this subsection may not join the Employees' Pension System while employed in one of the positions listed under paragraph (1) of this subsection.
21 22 23 24	(iii) An individual described under paragraph (4) of this subsection or subparagraph (ii) of this paragraph who changes employment to a different position under paragraph (1) of this subsection, whether or not a break in employment occurs, may not elect to join the Employees' Pension System.
25 26	(6) The Board of Trustees shall adopt regulations to implement this section.
27	<del>31-111.4.</del>
28 29 30 31 32 33	(a) An individual who elects membership in the Employees' Pension System under § [23-204(e)] 23-204(A) of this article and is an employee of the Town of Berwyn Heights on the effective date shall receive eligibility service and creditable service in the Employees' Pension System equal to one—third of the individual's period of employment with the Town of Berwyn Heights before the effective date, as certified by the Town of Berwyn Heights as of the effective date.

34 <del>31-111.8.</del>

1 2 3 4 5 6	(a) An individual who elects membership in the Employees' Pension System under § [23–204(f)] 23–204(A) of this article and is an employee of the City of College Park on the effective date shall receive eligibility service and creditable service in the Employees' Pension System equal to 60% of the individual's period of employment with the City of College Park before the effective date as certified by the City of College Park as of the effective date.
7	31–113.
8 9 10	(b) (1) An eligible governmental unit may elect to continue to operate a local pension system after the effective date of participation in the Employees' Pension System to provide benefits to a person who:
11 12	(iii) did not elect to join the Employees' Pension System under § [23–204(b)] <b>23–204(A)</b> of this article.
13	(d) (1) On the effective date:
14 15 16 17 18	(i) the assets to the credit of the local pension system of the participating governmental unit that are attributable to the employees of the participating governmental unit who elect to become members of the Employees' Pension System under § [23–204(b)] 23–204(A) of this article shall be transferred to the Employees' Pension System; and
19 20	SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2015.
	Approved:
	Governor.
	President of the Senate.
	Speaker of the House of Delegates.