

# SENATE BILL 895

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By: **Senator Guzzone**

Introduced and read first time: February 5, 2018

Assigned to: Budget and Taxation

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## A BILL ENTITLED

1 AN ACT concerning

2 **State Police Retirement System – Deferred Retirement Option Program –**  
3 **Alterations**

4 FOR the purpose of increasing the maximum number of years of eligibility service that  
5 certain members of the State Police Retirement System may have to participate in  
6 the Deferred Retirement Option Program (DROP); increasing the number of years  
7 that certain members of the State Police Retirement System may participate in the  
8 DROP; authorizing certain individuals, subject to certain limitations and  
9 requirements, to elect to extend their participation in the DROP; prohibiting certain  
10 individuals from electing to extend their participation in the DROP; requiring the  
11 State Retirement Agency to request certain documentation from the Internal  
12 Revenue Service; making this Act subject to a certain contingency; providing for the  
13 application of this Act; and generally relating to certain members of the State Police  
14 Retirement System and the Deferred Retirement Option Program.

15 BY repealing and reenacting, without amendments,  
16 Article – State Personnel and Pensions  
17 Section 24–401.1(a), (b), and (e)  
18 Annotated Code of Maryland  
19 (2015 Replacement Volume and 2017 Supplement)

20 BY repealing and reenacting, with amendments,  
21 Article – State Personnel and Pensions  
22 Section 24–401.1(c) and (d)  
23 Annotated Code of Maryland  
24 (2015 Replacement Volume and 2017 Supplement)

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

27 **Article – State Personnel and Pensions**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 24-401.1.

2 (a) (1) In this section the following words have the meanings indicated.

3 (2) "DROP" means the Deferred Retirement Option Program established  
4 under this section.

5 (3) "DROP member" means a member of the State Police Retirement  
6 System who:

7 (i) is eligible to participate in the DROP as provided in subsection  
8 (c) of this section; and

9 (ii) elects to participate in the DROP as provided in subsection (e) of  
10 this section.

11 (b) There is a DROP for eligible members of the State Police Retirement System.

12 (c) (1) (i) This paragraph applies to an individual who is a member of the  
13 State Police Retirement System on or before June 30, 2011.

14 (ii) Except for the Secretary of State Police, a member of the State  
15 Police Retirement System is eligible to participate in the DROP if the member:

16 1. has at least 22 and less than ~~[28]~~ **30** years of eligibility  
17 service; and

18 2. is less than 60 years old.

19 (iii) The Secretary of State Police is eligible to participate in the  
20 DROP if the Secretary has at least 22 years of eligibility service.

21 (2) (i) This paragraph applies to an individual who becomes a member  
22 of the State Police Retirement System on or after July 1, 2011.

23 (ii) Except for the Secretary of State Police, a member of the State  
24 Police Retirement System is eligible to participate in the DROP if the member:

25 1. has at least 25 years and less than ~~[29]~~ **30** years of  
26 eligibility service; and

27 2. is less than 60 years old.

28 (iii) The Secretary of State Police is eligible to participate in the  
29 DROP if the Secretary has at least 25 years of eligibility service.

1 (d) An eligible member may elect to participate in the DROP for a period not to  
2 exceed the lesser of:

3 (1) [4] 5 years;

4 (2) [(i)] the difference between [28] 30 years and the member's eligibility  
5 service as of the date of the member's election to participate in the DROP and retire from  
6 the State Police Retirement System[, if the member is a member of the State Police  
7 Retirement System on or before June 30, 2011; or

8 (ii) the difference between 29 years and the member's eligibility  
9 service as of the date of the member's election to participate in the DROP and retire from  
10 the State Police Retirement System, if the member becomes a member of the State Police  
11 Retirement System on or after July 1, 2011];

12 (3) the difference between age 60 and the member's age as of the date of  
13 the member's election to participate in the DROP and retire from the State Police  
14 Retirement System; or

15 (4) a term selected by the member.

16 (e) (1) An eligible member who elects to participate in the DROP shall:

17 (i) complete and submit a written election form to the Board of  
18 Trustees, on the form that the Board of Trustees provides, stating:

19 1. the member's intention to participate in the DROP;

20 2. the date when the member desires to retire;

21 3. the period that the member desires to participate in the  
22 DROP, as provided in subsection (d) of this section;

23 4. the date when the member intends to terminate  
24 employment with the Maryland State Police in the form of a binding letter of resignation  
25 accepted by the Secretary of State Police or the Secretary's designee; and

26 5. any other information required by the Board of Trustees  
27 to implement the DROP; and

28 (ii) complete and submit a written retirement application form to the  
29 Board of Trustees, on the form that the Board of Trustees provides.

30 (2) An eligible member's election to participate in the DROP is irrevocable.

31 SECTION 2. AND BE IT FURTHER ENACTED, That:

1 (a) Section 1 of this Act applies to any individual who began participation in the  
2 DROP under § 24-401.1 of the State Personnel and Pensions Article before July 1, 2018,  
3 and continues to participate in the DROP on or after July 1, 2018.

4 (b) (1) Except as provided in paragraph (2) of this subsection, an individual  
5 described in subsection (a) of this section may elect to extend participation in the DROP by  
6 the lesser of:

7 (i) the difference between 5 years and the number of years the  
8 individual elected to participate in the DROP at the time the individual joined the DROP;  
9 or

10 (ii) the difference between 30 years of eligibility service and the total  
11 amount of eligibility service the individual had accrued at the time the individual joined  
12 the DROP.

13 (2) An individual may not elect to extend participation in the DROP by a  
14 number of years that will result in the individual terminating the DROP at an age older  
15 than age 60.

16 (c) (1) An individual who elects to extend participation in the DROP shall do  
17 so on or before December 31, 2018, by completing a form provided by the Board of Trustees  
18 for the State Retirement and Pension System.

19 (2) The form submitted by the individual in paragraph (1) of this  
20 subsection shall include a signed acknowledgment by the individual's Director of Human  
21 Resources within the Department of State Police that the individual's employment with the  
22 Department of State Police and participation in DROP will be extended by the time period  
23 specified on that form.

24 SECTION 3. AND BE IT FURTHER ENACTED, That, on or before July 1, 2018, the  
25 State Retirement Agency shall request a determination letter from the Internal Revenue  
26 Service that confirms the continued qualification under § 401 of the Internal Revenue Code  
27 of the State Police Retirement System, as amended under Section 1 of this Act.

28 SECTION 4. AND BE IT FURTHER ENACTED, That:

29 (a) Section 1 of this Act shall take effect contingent on receipt of a determination  
30 letter from the Internal Revenue Service that confirms that the State Police Retirement  
31 System, as amended under Section 1 of this Act, is a qualified plan under § 401 of the  
32 Internal Revenue Code.

33 (b) If a favorable determination letter is received, Section 1 of this Act shall take  
34 effect the first day of the month after the State Retirement Agency receives the  
35 determination letter.

36 (c) If the State Retirement Agency does not receive a favorable determination

1 letter, Section 1 of this Act, with no further action required by the General Assembly, shall  
2 be null and void and of no further force and effect.

3 (d) The State Retirement Agency, within 5 days after receiving the determination  
4 letter from the Internal Revenue Service, shall forward a copy of the ruling to the  
5 Department of Legislative Services, 90 State Circle, Annapolis, Maryland 21401.

6 SECTION 5. AND BE IT FURTHER ENACTED, That, subject to Section 4 of this  
7 Act, this Act shall take effect July 1, 2018.