

# SENATE BILL 491

P6

(4lr2087)

## ENROLLED BILL

— Budget and Taxation / Appropriations —

Introduced by **Senator Jackson (Chair, Joint Committee on Pensions)**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

\_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M.

\_\_\_\_\_  
President.

### CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **State Retirement and Pension System – ~~Transfers of~~ Service Credit**

3 FOR the purpose of repealing a requirement for certain transfers of service to be calculated  
4 under a certain formula; correcting a reference to a contribution rate for transfers of  
5 service into the Law Enforcement Officers' Pension System; providing for eligibility  
6 and service credit in the Employees' Pension System for certain contractual  
7 employment by certain members; and generally relating to ~~the transfer of~~ service  
8 credit in the State Retirement and Pension System.

9 BY repealing and reenacting, with amendments,  
10 Article – State Personnel and Pensions  
11 Section 37–203(f) and 37–203.1(a) and (g)  
12 Annotated Code of Maryland  
13 (2015 Replacement Volume and 2023 Supplement)

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

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

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

*Italics indicate opposite chamber / conference committee amendments.*



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

3 **Article – State Personnel and Pensions**

4 37–203.

5 (f) (1) Except as otherwise provided in this subsection, after an individual  
6 transfers service credit to a new system under this title, the individual:

7 (i) shall pay the rate of contribution applicable to a member of the  
8 new system; and

9 (ii) is eligible for a pension and annuity as provided under the new  
10 system, determined by taking into account the transferred service credit.

11 (2) Except as provided in § 37–204 of this subtitle, if an individual transfers  
12 from a noncontributory system to a contributory system, on retirement the individual's  
13 retirement allowance shall be reduced by the actuarial equivalent of the member  
14 contributions that would have been deducted if the individual had earned the transferred  
15 service credit under the new system, including regular interest on those contributions.

16 [(3) If an individual retires within 5 years after transferring into a new  
17 system, the benefits payable with respect to the transferred service credit may not be  
18 greater than the benefits that would have been payable by the previous system with respect  
19 to that service if the individual had remained in the previous system.]

20 37–203.1.

21 (a) (1) An individual may transfer service credit from a contributory system to  
22 the State Alternate Contributory Employees' Pension System, the State Alternate  
23 Contributory Teachers' Pension System, the State Contributory Employees' Pension  
24 System, the State Contributory Law Enforcement Officers' Pension System, the State  
25 Contributory Teachers' Pension System, the State Reformed Contributory Employees'  
26 Pension System, or the State Reformed Contributory Teachers' Pension System if, within  
27 1 year after becoming a member of the pension system, the individual:

28 (i) completes a claim for the service credit and files it with the Board  
29 of Trustees of the State Retirement and Pension System on a form that the Board of  
30 Trustees provides; and

31 (ii) deposits in the annuity savings fund of:

32 1. the Employees' Pension System or Teachers' Pension  
33 System member contributions at the rate applicable for the period of service if the member  
34 had earned the transferred service credit in the new system, including regular interest on  
35 the contributions at the rate of 5% per year compounded annually; or

1                   2.     the Law Enforcement Officers' Pension System member  
2 contributions at the rate [of 4% of the individual's earnable compensation while a member  
3 of the contributory system after June 30, 2000] **APPLICABLE FOR THE PERIOD OF**  
4 **SERVICE IF THE MEMBER HAD EARNED THE TRANSFERRED SERVICE CREDIT IN THE**  
5 **NEW SYSTEM**, including regular interest on the contributions at the rate of 5% per year  
6 compounded annually.

7                   (2)     Subject to § 414(h) of the Internal Revenue Code, the contributory  
8 system shall refund the individual's accumulated contributions in excess of the amount  
9 determined under paragraph (1) of this subsection on request.

10                  (g)     [(1)] Except as otherwise provided in this subsection, after an individual  
11 transfers service credit to a new system under this title, the individual:

12                                 [(i)] (1)     shall pay the rate of contribution applicable to a member  
13 of the new system; and

14                                 [(ii)] (2)     is eligible for a pension and annuity as provided under the  
15 new system, determined by taking into account the transferred service credit.

16                                 [(2) If an individual retires within 5 years after transferring into a new  
17 system, the benefits payable with respect to the transferred service credit may not be  
18 greater than the benefits that would have been payable by the previous system with respect  
19 to that service if the individual had remained in the previous system.]

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

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

22                                 (2) "Board of Trustees" means the Board of Trustees for the State Retirement  
23 and Pension System.

24                                 (3) "Department" means the Department of Legislative Services.

25                  (b)     This section applies to a member of the Employees' Pension System:

26                                 (1) who is an employee of the Department on July 1, 2024;

27                                 (2) who was employed by the Department prior to July 1, 2024, as a  
28 contractual employee;

29                                 (3) whose employment as a contractual employee exceeded 5 years; and

30                                 (4) who has not been employed by another unit of State government after  
31 first being employed by the Department.

1           (c)   (1)   Subject to paragraphs (2) through (4) of this subsection, a member  
 2 described under subsection (b) of this section is entitled to eligibility and service credit for  
 3 periods of employment with the Department as a contractual employee.

4           (2)   Eligibility and service credit provided under this section may not exceed  
 5 10 years.

6           (3)   A member shall receive eligibility and service credit under this section  
 7 by completing a claim for the credit on a form that the Board of Trustees provides and filing  
 8 it with the Board of Trustees by December 31, 2024.

9           (4)   (i)   Except as provided under subparagraph (ii) of this paragraph, a  
 10 member receiving credit under paragraph (1) of this subsection shall, prior to retirement,  
 11 deposit into the annuity savings fund the member contributions that would have been due  
 12 for the period of employment for which the member receives credit under this section if the  
 13 member had been enrolled in the Employees' Pension System, plus regular interest on those  
 14 contributions.

15           (ii) If a member does not deposit the amounts required under  
 16 subparagraph (i) of this paragraph, the member's retirement allowance shall be reduced by  
 17 the actuarial equivalent of the accumulated contributions not paid under subparagraph (i)  
 18 of this paragraph, with regular interest to the date of retirement.

19           ~~SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July~~  
 20 ~~1, 2024.~~

21           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
 22 1, 2024. Section 2 of this Act shall remain effective for a period of 6 months and, at the end  
 23 of December 31, 2024, Section 2 of this Act, with no further action required by the General  
 24 Assembly, shall be abrogated and of no further force and effect.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.