Department of Legislative Services

Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 966 (Delegate Forbes)(Chair, Joint Committee on Pensions)
Appropriations Budget and Taxation

Law Enforcement Officers' Pension System - Reemployment as Sheriff

This bill requires the Board of Trustees of the State Retirement and Pension System (SRPS) to temporarily suspend the retirement allowance of a retiree of the Law Enforcement Officers' Pension System (LEOPS) who is elected as a sheriff within one year of retiring from LEOPS. The retiree's allowance is reinstated when the retiree ceases serving as sheriff. While the allowance is suspended, the retiree's family is still entitled to survivor benefits under current law. **The bill takes effect July 1, 2024, and applies only prospectively to an individual who retires on or after that date.**

Fiscal Summary

State Effect: As the bill is expected to apply in a limited number of cases, it has no discernible effect on State pension liabilities or contribution rates. No effect on revenues.

Local Effect: As the bill is expected to apply in a limited number of cases, it has no discernible effect on local pension liabilities or contribution rates. No effect on revenues.

Small Business Effect: None.

Analysis

Bill Summary: The SRPS Board must give notice before suspending a retiree's allowance under the bill. After receiving satisfactory documentation that the retiree is no longer serving as a sheriff, the board must reinstate the allowance with accumulated cost-of-living adjustments from the date the allowance was suspended. The allowance must be reinstated on the first day of the month following the month in which the retiree ceased serving as sheriff.

Current Law: In general, a retiree who receives a retirement benefit from SRPS may be reemployed, except that the retiree may not be reemployed by the State or any participating SRPS employer within 45 days of retiring. In most cases, a retiree who is rehired by the same employer for whom the retiree worked at the time of retirement is subject to an earnings cap. The purpose of the cap, which is the member's average final compensation at the time of retirement, is to ensure that a retiree does not earn more in retirement than the retiree earned as an active member with the same employer. If the sum of a retiree's earnings and initial retirement allowance exceeds the earnings cap, the retiree is subject to a dollar-for-dollar offset of the retirement benefit for any amount that exceeds the cap. For a member who retires directly from State service, the State is regarded as a single employer, so reemployment with any State agency activates the benefit reduction.

LEOPS retirees who are rehired by their previous employer are not subject to an earnings limitation, but they are subject to the 45-day waiting period before being reemployed. In general, elected sheriffs may choose to be members of the Employees' Pension System; however, elected sheriffs in counties that participate in LEOPS as participating governmental units (PGUs) may instead choose membership in LEOPS. Also, if a member of LEOPS becomes sheriff of a county that is a LEOPS PGU, the sheriff must remain a member of LEOPS. As the bill applies to any LEOPS retiree, it potentially affects retirees previously employed by the State or by a PGU that participates in LEOPS who are elected sheriff within one year of retirement.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 706 (Senator Jackson)(Chair, Joint Committee on Pensions) - Budget and Taxation.

Information Source(s): State Retirement Agency; Department of Legislative Services

Fiscal Note History: First Reader - February 21, 2024
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