
By: Senator Amoss (Chairman, Joint Committee on Pensions)

Introduced and read first time: January 17, 1997

Assigned to: Budget and Taxation

Committee Report: Favorable

Senate action: Adopted

Read second time: February 25, 1997

CHAPTER ____

1 AN ACT concerning

2 **Workforce Reduction Act - Clarification of Earnings Limitation on Reemployment**

3 FOR the purpose of clarifying the earnings limitation for those employees who retired
4 under the Workforce Reduction Act and who are reemployed by certain employers;
5 providing for the codification of the earnings limitation; and generally relating to a
6 limitation on earnings of retirees under the Workforce Reduction Act who are
7 reemployed.

8 BY repealing and reenacting, with amendments,
9 Article - State Personnel and Pensions
10 Section 22-406(b) and 23-407(b)
11 Annotated Code of Maryland
12 (1994 Volume and 1996 Supplement)

13 BY repealing and reenacting, with amendments,
14 Chapter 353 of the Acts of the General Assembly of 1996
15 Section 3(2)

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

18 **Article - State Personnel and Pensions**

19 22-406.

20 (b) (1) This subsection does not apply to:

21 (i) a retiree who has been retired for more than 10 years;

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1 (ii) a retiree whose average final compensation was less than \$10,000
2 and who is reemployed on a temporary or contractual basis;

3 (iii) a retiree who is serving in an elected position as an official of a
4 participating governmental unit or as a constitutional officer for a county that is a
5 participating governmental unit; or

6 (iv) a retiree of the Teachers' Retirement System:

7 1. who retired and was reemployed by a participating employer
8 other than the State on or before September 30, 1994; and

9 2. whose employment compensation does not derive, in whole
10 or in part, from State funds.

11 (2) The Board of Trustees shall reduce a retiree's retirement allowance:

12 (I) by the amount that the sum of the retiree's annual basic allowance,
13 at the time of retirement, and the retiree's annual compensation exceeds the average final
14 compensation used to compute the basic allowance; OR

15 (II) FOR A RETIREE WHO RETIRED UNDER THE WORKFORCE
16 REDUCTION ACT (CHAPTER 353 OF THE ACTS OF 1996), BY THE AMOUNT THAT THE
17 SUM OF THE RETIREE'S ANNUAL COMPENSATION AND THE RETIREE'S ANNUAL
18 BASIC ALLOWANCE AT THE TIME OF RETIREMENT, INCLUDING THE INCENTIVE
19 PROVIDED BY THE WORKFORCE REDUCTION ACT, EXCEEDS THE AVERAGE FINAL
20 COMPENSATION USED TO COMPUTE THE BASIC ALLOWANCE.

21 23-407.

22 (b) (1) This subsection does not apply to:

23 (i) a retiree whose average final compensation was less than \$10,000
24 and who is reemployed on a temporary or contractual basis; or

25 (ii) a retiree who is serving in an elected position as an official of a
26 participating governmental unit or as a constitutional officer for a county that is a
27 participating governmental unit.

28 (2) The Board of Trustees shall reduce a retiree's retirement allowance:

29 (I) by the amount that the sum of the retiree's annual basic allowance,
30 at the time of retirement, and the retiree's annual compensation exceeds the average final
31 compensation used to compute the basic allowance; OR

32 (II) FOR A RETIREE WHO RETIRED UNDER THE WORKFORCE
33 REDUCTION ACT (CHAPTER 353 OF THE ACTS OF 1996), BY THE AMOUNT THAT THE
34 SUM OF THE RETIREE'S ANNUAL COMPENSATION AND THE RETIREE'S ANNUAL
35 BASIC ALLOWANCE AT THE TIME OF RETIREMENT, INCLUDING THE INCENTIVE
36 PROVIDED BY THE WORKFORCE REDUCTION ACT, EXCEEDS THE AVERAGE FINAL
37 COMPENSATION USED TO COMPUTE THE BASIC ALLOWANCE.

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1 **Chapter 353 of the Acts of 1996**

2 SECTION 3. AND BE IT FURTHER ENACTED, That:

3 (2) If a retiree who retires under this Act is reemployed in a permanent,
4 temporary, or contractual position with a participating employer, [in addition to any
5 other reduction in the retiree's retirement allowance required under State law,] the
6 retiree's retirement allowance shall be reduced by the amount [it exceeds the retirement
7 allowance the retiree would otherwise have received] THAT THE SUM OF THE
8 RETIREE'S ANNUAL COMPENSATION AND THE RETIREE'S ANNUAL BASIC
9 ALLOWANCE AT THE TIME OF RETIREMENT, INCLUDING THE INCENTIVE PROVIDED
10 BY THIS ACT, EXCEEDS THE AVERAGE FINAL COMPENSATION USED TO COMPUTE
11 THE BASIC ALLOWANCE;

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
13 July 1, 1997.