

HOUSE BILL 622

Unofficial Copy  
K4

1998 Regular Session  
8r1095  
CF 8r2262

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By: **Delegates Proctor, Owings, and Vallario**  
Introduced and read first time: February 9, 1998  
Assigned to: Appropriations

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 28, 1998

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Local Law Enforcement Officers - Participation in State System**

3 FOR the purpose of authorizing law enforcement officers of counties and municipal  
4 corporations in the State to participate in the Law Enforcement Officers'  
5 Pension System on or after a certain date under certain conditions; providing for  
6 the procedures for electing to participate; providing for the procedures for  
7 withdrawal from the system; providing for the funding of the participation in  
8 the system; requiring the transfer of certain funds to the accumulation fund of  
9 the system; defining certain terms; and generally relating to the election for law  
10 enforcement officers of counties and municipal corporations to participate in the  
11 Law Enforcement Officers' Pension System.

12 BY adding to  
13 Article - State Personnel and Pensions  
14 Section 21-306.1; and 31-2A-01 through 31-2A-05, inclusive, to be under the  
15 new subtitle "Subtitle 2A. Participation in the Law Enforcement Officers'  
16 Pension System"  
17 Annotated Code of Maryland  
18 (1997 Replacement Volume)

19 BY repealing and reenacting, without amendments,  
20 Article - State Personnel and Pensions  
21 Section 21-309 and 31-303  
22 Annotated Code of Maryland  
23 (1997 Replacement Volume)

24 BY repealing and reenacting, with amendments,

1 Article - State Personnel and Pensions  
2 Section 26-201, 26-202, 26-203.1, 31-301, 31-302, 31-304, 31-305, and  
3 31-306  
4 Annotated Code of Maryland  
5 (1997 Replacement Volume)

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

8 **Article - State Personnel and Pensions**

9 21-306.1.

10 (A) (1) EACH FISCAL YEAR, ON BEHALF OF ITS EMPLOYEES WHO ARE  
11 MEMBERS OF THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM, A  
12 PARTICIPATING GOVERNMENTAL UNIT SHALL PAY AN AMOUNT EQUAL TO OR  
13 GREATER THAN THE PRODUCT OF MULTIPLYING:

14 (I) THE AGGREGATE ANNUAL EARNABLE COMPENSATION OF  
15 THOSE MEMBERS; AND

16 (II) THE SUM OF THE NORMAL CONTRIBUTION RATE AND THE  
17 ACCRUED LIABILITY CONTRIBUTION RATE, AS DETERMINED UNDER THIS SECTION.

18 (2) EACH FISCAL YEAR, IN ADDITION TO THE AMOUNTS REQUIRED TO  
19 BE PAID UNDER PARAGRAPH (1) OF THIS SUBSECTION, A PARTICIPATING  
20 GOVERNMENTAL UNIT SHALL PAY:

21 (I) THE SPECIAL ACCRUED LIABILITY CONTRIBUTION REQUIRED  
22 BY SUBSECTION (D) OF THIS SECTION; AND

23 (II) ANY WITHDRAWAL LIABILITY CONTRIBUTION REQUIRED BY  
24 SUBSECTION (E) OF THIS SECTION.

25 (3) THE AMOUNTS DETERMINED UNDER PARAGRAPHS (1) AND (2) OF  
26 THIS SUBSECTION SHALL BE BASED ON AN ACTUARIAL DETERMINATION OF THE  
27 AMOUNTS THAT ARE REQUIRED TO PRESERVE THE INTEGRITY OF THE  
28 ACCUMULATION FUND OF THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM,  
29 USING:

30 (I) THE ENTRY-AGE ACTUARIAL COST METHOD;

31 (II) ACTUARIAL ASSUMPTIONS ADOPTED BY THE BOARD OF  
32 TRUSTEES; AND

33 (III) THE ASSET VALUATION METHOD RECOMMENDED BY THE  
34 ACTUARY AND ADOPTED BY THE BOARD OF TRUSTEES.

35 (4) THE ACTUARY SHALL COMPUTE THE CONTRIBUTIONS PAYABLE  
36 UNDER THIS SECTION.

1 (5) THE AMOUNTS COMPUTED UNDER THIS SECTION ARE A CHARGE  
2 AGAINST THE PARTICIPATING GOVERNMENTAL UNIT TO BE PAID IN ACCORDANCE  
3 WITH § 21-309 OF THIS SUBTITLE.

4 (B) (1) AS PART OF EACH ACTUARIAL VALUATION, THE ACTUARY SHALL  
5 DETERMINE THE NORMAL CONTRIBUTIONS, NET OF MEMBER CONTRIBUTIONS, ON  
6 ACCOUNT OF MEMBERS OF THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM.

7 (2) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, THE  
8 NORMAL CONTRIBUTION RATE FOR THE LAW ENFORCEMENT OFFICERS' PENSION  
9 SYSTEM EQUALS THE FRACTION THAT HAS:

10 (I) AS ITS NUMERATOR, THE SUM OF THE NORMAL  
11 CONTRIBUTIONS DETERMINED UNDER THIS SUBSECTION; AND

12 (II) AS ITS DENOMINATOR, THE AGGREGATE ANNUAL EARNABLE  
13 COMPENSATION OF THE MEMBERS OF THE LAW ENFORCEMENT OFFICERS' PENSION  
14 SYSTEM.

15 (3) ON THE RECOMMENDATION OF THE ACTUARY, THE BOARD OF  
16 TRUSTEES MAY ADJUST THE NORMAL CONTRIBUTION RATE DETERMINED UNDER  
17 THIS SECTION TO PROVIDE FOR:

18 (I) EXPERIENCE GAINS AND LOSSES;

19 (II) THE EFFECT OF CHANGES IN ACTUARIAL ASSUMPTIONS; AND

20 (III) THE EFFECT OF LEGISLATION ENACTED AFTER JULY 1, 1999.

21 (C) (1) THE ACCRUED LIABILITY CONTRIBUTION RATE FOR THE LAW  
22 ENFORCEMENT OFFICERS' PENSION SYSTEM SHALL BE COMPUTED AS THE PERCENT  
23 OF THE AGGREGATE EARNABLE COMPENSATION OF THE MEMBERS OF THE LAW  
24 ENFORCEMENT OFFICERS' PENSION SYSTEM THAT IS SUFFICIENT TO LIQUIDATE  
25 OVER 40 YEARS BEGINNING JULY 1, 1999, THE AMOUNT, AS OF JUNE 30, 1999, BY  
26 WHICH THE TOTAL LIABILITIES OF THE LAW ENFORCEMENT OFFICERS' PENSION  
27 SYSTEM EXCEEDED THE SUM OF:

28 (I) THE ASSETS IN THE ACCUMULATION FUND AND THE ANNUITY  
29 SAVINGS FUND OF THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM; AND

30 (II) THE PRESENT VALUE OF FUTURE NORMAL CONTRIBUTIONS,  
31 FUTURE SPECIAL ACCRUED LIABILITY CONTRIBUTIONS, FUTURE WITHDRAWAL  
32 LIABILITY CONTRIBUTIONS, AND FUTURE MEMBER CONTRIBUTIONS.

33 (2) ON THE RECOMMENDATION OF THE ACTUARY, THE BOARD OF  
34 TRUSTEES MAY ADJUST THE ACCRUED LIABILITY CONTRIBUTION RATE TO REFLECT:

35 (I) EXPERIENCE GAINS AND LOSSES;

36 (II) THE EFFECT OF CHANGES IN ACTUARIAL ASSUMPTIONS; AND

1 (III) THE EFFECT OF LEGISLATION ENACTED AFTER JULY 1, 1999.

2 (D) (1) IN THIS SUBSECTION, "SPECIAL ACCRUED LIABILITY" MEANS, AS TO  
3 ANY PARTICIPATING GOVERNMENTAL UNIT, THE LIABILITY OF THE LAW  
4 ENFORCEMENT OFFICERS' PENSION SYSTEM ON ACCOUNT OF THE EMPLOYEES OF  
5 THE PARTICIPATING GOVERNMENTAL UNIT WHO ELECT TO BECOME MEMBERS  
6 UNDER § 26-202(B) OF THIS ARTICLE.

7 (2) EACH PARTICIPATING GOVERNMENTAL UNIT SHALL MAKE A  
8 SPECIAL ACCRUED LIABILITY CONTRIBUTION ON ACCOUNT OF THE PARTICIPATION  
9 OF ITS EMPLOYEES IN THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM.

10 (3) THE SPECIAL ACCRUED LIABILITY CONTRIBUTION SHALL BE  
11 DETERMINED BY AN ACTUARIAL VALUATION OF THE SPECIAL ACCRUED LIABILITY  
12 AS OF THE DATE OF APPROVAL OF PARTICIPATION BY THE LEGISLATIVE BODY OF  
13 THE PARTICIPATING GOVERNMENTAL UNIT.

14 (4) EXCEPT AS PROVIDED IN PARAGRAPH (5) OF THIS SUBSECTION, THE  
15 ANNUAL SPECIAL ACCRUED LIABILITY CONTRIBUTION OF EACH PARTICIPATING  
16 GOVERNMENTAL UNIT SHALL BE THE LEVEL ANNUAL PAYMENT THAT IS  
17 SUFFICIENT TO LIQUIDATE, OVER 25 YEARS BEGINNING ON THE DATE OF APPROVAL  
18 BY THE LEGISLATIVE BODY OF THE PARTICIPATING GOVERNMENTAL UNIT, THE  
19 AMOUNT BY WHICH THE SPECIAL ACCRUED LIABILITY OF THE PARTICIPATING  
20 GOVERNMENTAL UNIT EXCEEDS THE SUM OF:

21 (I) THE PRESENT VALUE, AS OF THE DATE OF APPROVAL, OF  
22 FUTURE NORMAL CONTRIBUTIONS, FUTURE ACCRUED LIABILITY CONTRIBUTIONS,  
23 AND FUTURE MEMBER CONTRIBUTIONS ON BEHALF OF OR BY MEMBERS WHO ARE  
24 EMPLOYEES OF THE PARTICIPATING GOVERNMENTAL UNIT; AND

25 (II) ANY CASH AND SECURITIES TRANSFERRED TO THE LAW  
26 ENFORCEMENT OFFICERS' PENSION SYSTEM IN ACCORDANCE WITH § 31-2A-05(B) OF  
27 THIS ARTICLE.

28 (5) SUBJECT TO THE APPROVAL OF THE BOARD OF TRUSTEES, A  
29 PARTICIPATING GOVERNMENTAL UNIT MAY LIQUIDATE ITS UNFUNDED SPECIAL  
30 ACCRUED LIABILITY:

31 (I) OVER A PERIOD NOT TO EXCEED 40 YEARS; OR

32 (II) SUBJECT TO THE ACTUARY'S CONCURRENCE, BY MEANS OF  
33 ANNUAL PAYMENTS OTHER THAN LEVEL ANNUAL PAYMENTS.

34 (6) THE EXPENSE OF MAKING THE INITIAL SPECIAL ACCRUED LIABILITY  
35 ACTUARIAL VALUATION SHALL BE ASSESSED AGAINST AND PAID BY THE  
36 PARTICIPATING GOVERNMENTAL UNIT ON WHOSE ACCOUNT IT IS NECESSARY.

37 (E) (1) (I) IN THIS SUBSECTION THE FOLLOWING WORDS HAVE THE  
38 MEANINGS INDICATED.

1 (II) "ACTIVE PARTICIPANT FUNDING RATIO" MEANS THE RATIO  
2 DETERMINED BY THE ACTUARY AS PROVIDED UNDER PARAGRAPH (3) OF THIS  
3 SUBSECTION.

4 (III) "COMPLEMENT OF THE ACTIVE PARTICIPANT FUNDING RATIO"  
5 IS A RATIO EQUAL TO 1 MINUS THE ACTIVE PARTICIPANT FUNDING RATIO.

6 (2) (I) ON AND AFTER THE DATE OF A PARTICIPATING  
7 GOVERNMENTAL UNIT'S WITHDRAWAL FROM THE LAW ENFORCEMENT OFFICERS'  
8 PENSION SYSTEM UNDER § 31-302(C) OF THIS ARTICLE, THE PARTICIPATING  
9 GOVERNMENTAL UNIT AND ITS EMPLOYEES ARE NOT REQUIRED TO MAKE ANY  
10 FURTHER CONTRIBUTIONS TO THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM  
11 FOR THOSE EMPLOYEES WHO ELECT TO WITHDRAW FROM THE LAW ENFORCEMENT  
12 OFFICERS' PENSION SYSTEM.

13 (II) AS OF THE EFFECTIVE DATE OF WITHDRAWAL, THE  
14 PARTICIPATING GOVERNMENTAL UNIT SHALL CONTINUE TO MAKE ANY  
15 CONTRIBUTIONS REQUIRED UNDER SUBSECTION (A) OF THIS SECTION ON BEHALF  
16 OF THOSE EMPLOYEES WHO DO NOT ELECT TO WITHDRAW FROM THE LAW  
17 ENFORCEMENT OFFICERS' PENSION SYSTEM.

18 (III) AS OF THE EFFECTIVE DATE OF WITHDRAWAL OF A  
19 PARTICIPATING GOVERNMENTAL UNIT FROM THE LAW ENFORCEMENT OFFICERS'  
20 PENSION SYSTEM, THE BOARD OF TRUSTEES SHALL TRANSFER TO THE  
21 ADMINISTRATIVE BOARD OF THE LOCAL PENSION SYSTEM THE ASSETS THAT ARE  
22 ALLOCABLE TO THE EMPLOYEES OF THE PARTICIPATING GOVERNMENTAL UNIT  
23 WHO ELECT TO WITHDRAW FROM THE LAW ENFORCEMENT OFFICERS' PENSION  
24 SYSTEM AS DETERMINED UNDER PARAGRAPH (4) OF THIS SUBSECTION.

25 (3) (I) AS OF JUNE 30 OF EACH FISCAL YEAR, THE ACTUARY SHALL  
26 DETERMINE THE ACTIVE PARTICIPANT FUNDING RATIO FOR THE PARTICIPATING  
27 GOVERNMENTAL UNITS AS PROVIDED IN THIS SECTION.

28 (II) THE ACTIVE PARTICIPANT FUNDING RATIO SHALL BE A  
29 FRACTION, NOT TO EXCEED 1, THAT HAS:

30 1. AS ITS NUMERATOR, THE ASSETS TO THE CREDIT OF THE  
31 PARTICIPATING GOVERNMENTAL UNITS IN THE ACCUMULATION FUND AND THE  
32 ANNUITY SAVINGS FUND OF THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM  
33 AS ADJUSTED UNDER SUBPARAGRAPH (III) OF THIS PARAGRAPH, DECREASED BY THE  
34 SUM OF THE ACTUARIAL LIABILITIES ALLOCABLE TO RETIREES OF THE LAW  
35 ENFORCEMENT OFFICERS' PENSION SYSTEM WHO RETIRED FROM THE SERVICE OF  
36 THE PARTICIPATING GOVERNMENTAL UNIT AND THE DESIGNATED BENEFICIARIES  
37 OF THOSE RETIREES, FORMER MEMBERS OF THE LAW ENFORCEMENT OFFICERS'  
38 PENSION SYSTEM WHO ARE ELIGIBLE FOR A VESTED ALLOWANCE WHO SEPARATED  
39 FROM EMPLOYMENT WITH THE PARTICIPATING GOVERNMENTAL UNIT, AND  
40 MEMBERS OF THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM WHO  
41 SEPARATED FROM EMPLOYMENT WITH THE PARTICIPATING GOVERNMENTAL UNIT

1 BUT WHO MAY BECOME ELIGIBLE TO RECEIVE PRIOR ELIGIBILITY SERVICE CREDIT  
2 UNDER § 26-304 OF THIS ARTICLE; AND

3 2. AS ITS DENOMINATOR, THE ACTUARIAL LIABILITIES THAT  
4 ARE ALLOCABLE TO THE EMPLOYEES OF THE PARTICIPATING GOVERNMENTAL  
5 UNITS WHO ARE MEMBERS OF THE LAW ENFORCEMENT OFFICERS' PENSION  
6 SYSTEM.

7 (III) THE ASSETS TO THE CREDIT OF THE PARTICIPATING  
8 GOVERNMENTAL UNITS AS OF THE VALUATION DATE SHALL BE INCREASED BY THE  
9 SUM OF THE OUTSTANDING BALANCES OF:

10 1. THE SPECIAL ACCRUED LIABILITY ATTRIBUTABLE TO THE  
11 PARTICIPATING GOVERNMENTAL UNITS UNDER SUBSECTION (D) OF THIS SECTION;  
12 AND

13 2. THE WITHDRAWAL LIABILITY ATTRIBUTABLE TO THE  
14 PARTICIPATING GOVERNMENTAL UNITS UNDER PARAGRAPH (5) OF THIS  
15 SUBSECTION.

16 (4) (I) THE ASSETS THAT ARE ALLOCABLE TO THE EMPLOYEES OF A  
17 PARTICIPATING GOVERNMENTAL UNIT WHO ELECT TO WITHDRAW FROM THE LAW  
18 ENFORCEMENT OFFICERS' PENSION SYSTEM SHALL BE COMPUTED BY THE ACTUARY  
19 AS PROVIDED IN THIS PARAGRAPH.

20 (II) THE ACTUARY SHALL FIRST MULTIPLY THE ACTIVE  
21 PARTICIPANT FUNDING RATIO FOR THE FISCAL YEAR PRECEDING THE EFFECTIVE  
22 DATE OF WITHDRAWAL OF THE PARTICIPATING GOVERNMENTAL UNIT BY THE  
23 ACTUARIAL LIABILITY ALLOCABLE TO THE EMPLOYEES OF THE PARTICIPATING  
24 GOVERNMENTAL UNIT WHO ELECT TO WITHDRAW.

25 (III) THE ACTUARY SHALL REDUCE THE AMOUNT DETERMINED  
26 UNDER SUBPARAGRAPH (II) OF THIS PARAGRAPH BY THE OUTSTANDING BALANCE OF  
27 THE SPECIAL ACCRUED LIABILITY CONTRIBUTION ATTRIBUTABLE TO THE  
28 PARTICIPATING GOVERNMENTAL UNIT AS OF THE EFFECTIVE DATE OF  
29 WITHDRAWAL.

30 (5) (I) THE WITHDRAWAL LIABILITY CONTRIBUTION OF A  
31 PARTICIPATING GOVERNMENTAL UNIT SHALL BE COMPUTED BY THE ACTUARY AS  
32 PROVIDED IN THIS PARAGRAPH.

33 (II) THE ACTUARY SHALL MULTIPLY THE COMPLEMENT OF THE  
34 ACTIVE PARTICIPANT FUNDING RATIO FOR THE FISCAL YEAR PRECEDING THE  
35 EFFECTIVE DATE OF WITHDRAWAL OF THE PARTICIPATING GOVERNMENTAL UNIT  
36 BY THE ACTUARIAL LIABILITY ALLOCABLE TO THE EMPLOYEES OF THE  
37 PARTICIPATING GOVERNMENTAL UNIT WHO ELECT TO REMAIN MEMBERS OF THE  
38 LAW ENFORCEMENT OFFICERS' PENSION SYSTEM.

39 (III) THE AMOUNT DETERMINED UNDER SUBPARAGRAPH (II) OF  
40 THIS PARAGRAPH MAY NOT BE LESS THAN ZERO.

1 (IV) EXCEPT AS PROVIDED IN SUBPARAGRAPH (V) OF THIS  
2 PARAGRAPH, THE ANNUAL WITHDRAWAL LIABILITY CONTRIBUTION OF A  
3 PARTICIPATING GOVERNMENTAL UNIT SHALL BE THE ANNUAL PAYMENT THAT IS  
4 SUFFICIENT TO LIQUIDATE, OVER NOT MORE THAN 25 YEARS, THE WITHDRAWAL  
5 LIABILITY CONTRIBUTION BY MEANS OF ANNUAL PAYMENTS THAT INCREASE EACH  
6 YEAR BASED ON THE ACTUARIAL ASSUMPTIONS ADOPTED BY THE BOARD OF  
7 TRUSTEES ON THE RECOMMENDATION OF THE ACTUARY.

8 (V) SUBJECT TO THE APPROVAL OF THE BOARD OF TRUSTEES AND  
9 THE ACTUARY'S CONCURRENCE, A PARTICIPATING GOVERNMENTAL UNIT MAY:

10 1. LIQUIDATE THE WITHDRAWAL LIABILITY CONTRIBUTION  
11 BY MEANS OF LEVEL ANNUAL PAYMENTS OR OVER A TERM OF LESS THAN 25 YEARS;  
12 OR

13 2. PREPAY ALL OR A PORTION OF THE WITHDRAWAL  
14 LIABILITY CONTRIBUTION.

15 21-309.

16 (a) In this section, "participating governmental unit" includes a county  
17 required to pay the employer contribution or part of the employer contribution under  
18 § 21-307 of this subtitle.

19 (b) Each year, the Board of Trustees shall certify to the chief fiscal officer of  
20 each participating governmental unit:

21 (1) the normal contribution rates, accrued liability contribution rates,  
22 special accrued liability contribution rate, and withdrawal liability contribution rate  
23 for the participating governmental unit; and

24 (2) any amount payable by the participating governmental unit for a  
25 master under § 21-307(b)(2) of this subtitle.

26 (c) Each participating governmental unit shall:

27 (1) include an amount determined based on the rates certified by the  
28 Board of Trustees as payable by the participating governmental unit under this  
29 section in the next budget, appropriation, or levy of the participating governmental  
30 unit after the certification by the Board of Trustees; and

31 (2) levy and collect those amounts in the same manner as any other tax.

32 (d) (1) Except as provided in paragraph (3) of this subsection, within 30 days  
33 after receiving the certification by the Board of Trustees of the amount payable by the  
34 participating governmental unit under this section, the proper fiscal officer of each  
35 participating governmental unit shall pay that amount to the Board of Trustees.

36 (2) A participating governmental unit that does not pay the amounts  
37 certified under this subsection within the time required is liable for:

- 1 (i) a penalty of 10% of the amount due; and  
2 (ii) interest on delinquent amounts at 10% a year until payment.

3 (3) The Secretary of the Board of Trustees may allow a grace period for  
4 payment of the amounts certified under this section not to exceed 10 calendar days.

5 (4) On notification by the Secretary of the Board of Trustees that a  
6 delinquency exists, the State Comptroller immediately shall exercise the right of  
7 setoff against any money due or coming due to the delinquent participating  
8 governmental unit.

9 (e) On receipt of the payments from the fiscal officer of each participating  
10 governmental unit, the Board of Trustees shall credit these amounts to the  
11 accumulation fund of the appropriate State system.

12 26-201.

13 (a) Except as provided in subsections (b) and (c) of this section, this subtitle  
14 applies only to:

15 (1) an employee of the Department of Natural Resources commissioned  
16 by the Secretary of Natural Resources as:

- 17 (i) a Natural Resources police officer; or  
18 (ii) a law enforcement officer, other than a Natural Resources police  
19 officer;

20 (2) a law enforcement officer employed by the Maryland Investigative  
21 Services Unit;

22 (3) a member of the Maryland Transportation Authority Police Force  
23 who has the powers granted to a police officer under § 4-208 of the Transportation  
24 Article; [or]

25 (4) a deputy sheriff employed by the Baltimore City Sheriff's  
26 Department; OR

27 (5) A LAW ENFORCEMENT OFFICER EMPLOYED BY A PARTICIPATING  
28 GOVERNMENTAL UNIT THAT ON OR AFTER JULY 1, 1999 HAS ELECTED TO  
29 PARTICIPATE IN THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM.

30 (b) This subtitle does not apply to:

31 (1) a Maryland Transportation Authority police officer who transferred  
32 from the Employees' Retirement System to the Employees' Pension System on or after  
33 December 1, 1996.

34 (e) ~~This subtitle does not apply to:~~



1           (2)       a deputy sheriff employed by the Baltimore City Sheriff's  
2 Department who transferred from the Employees' Retirement System to the  
3 Employees' Pension System on or after December 1, 1996; OR

4           (3)       A LAW ENFORCEMENT OFFICER EMPLOYED BY A PARTICIPATING  
5 GOVERNMENTAL UNIT WHO TRANSFERRED FROM THE EMPLOYEES' RETIREMENT  
6 SYSTEM TO THE EMPLOYEES' PENSION SYSTEM ON OR AFTER DECEMBER 1, 1997.

7 26-202.

8       (a)       Except as provided in subsection (b) of this section, an individual described  
9 in § 26-201 of this subtitle is a member of the Law Enforcement Officers' Pension  
10 System as a condition of employment.

11       (b)       (1)       Subject to paragraph (2) of this subsection, membership in the Law  
12 Enforcement Officers' Pension System is optional for an individual described in §  
13 26-201 of this subtitle:

14               (i)       who was employed by the Department of Natural Resources on  
15 July 1, 1990 and who elects membership on or before December 31, 1997;

16               (ii)       who was employed by the Maryland Investigative Services Unit  
17 on June 30, 1995 and who elects membership on or before December 31, 1997;

18               (iii)       who was employed by the Maryland Transportation Authority  
19 on June 30, 1997 and who elects membership on or before December 31, 1997; [or]

20               (iv)       who was employed by the Baltimore City Sheriff's Department  
21 on June 30, 1997 and who elects membership on or before December 31, 1997; OR

22               (V)       WHO IS EMPLOYED BY A PARTICIPATING GOVERNMENTAL UNIT  
23 ON THE EFFECTIVE DATE OF PARTICIPATION ON OR AFTER JULY 1, 1999 FOR THAT  
24 PARTICIPATING GOVERNMENT UNIT AND WHO ELECTS MEMBERSHIP WITHIN 6  
25 MONTHS OF THE EFFECTIVE DATE OF PARTICIPATION.

26       (2)       To elect to be a member of the Law Enforcement Officers' Pension  
27 System, an individual shall file a written application with the State Retirement  
28 Agency.

29       (3)       If an individual does not elect membership during the applicable  
30 period specified under paragraph (1) of this subsection, the individual may not  
31 become a member of the Law Enforcement Officers' Pension System.

32 26-203.1.

33       (A)       For members who transfer from the Employees' Pension System or the  
34 Employees' Retirement System, the Board of Trustees shall transfer to the  
35 accumulation fund of the Law Enforcement Officers' Pension System the employer  
36 contributions that were made to the Employees' Retirement System and the

1 Employees' Pension System on behalf of those members who transferred, plus the  
2 interest earned on those contributions through the date of transfer.

3 (B) (1) FOR MEMBERS WHO TRANSFER FROM A LOCAL PENSION SYSTEM,  
4 THE LOCAL PENSION SYSTEM SHALL TRANSFER TO THE BOARD OF TRUSTEES THE  
5 EMPLOYER CONTRIBUTIONS THAT WERE MADE TO THE LOCAL PENSION SYSTEM ON  
6 BEHALF OF THOSE MEMBERS WHO TRANSFERRED, PLUS THE INTEREST EARNED ON  
7 THOSE CONTRIBUTIONS THROUGH THE DATE OF TRANSFER.

8 (2) THE BOARD OF TRUSTEES SHALL DEPOSIT ANY FUNDS  
9 TRANSFERRED UNDER PARAGRAPH (1) OF THIS SUBSECTION IN THE ACCUMULATION  
10 FUND OF THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM.

11 SUBTITLE 2A. PARTICIPATION IN THE LAW ENFORCEMENT OFFICERS' PENSION  
12 SYSTEM.

13 31-2A-01.

14 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
15 INDICATED.

16 (B) "EFFECTIVE DATE" MEANS THE DATE THAT AN ELIGIBLE GOVERNMENTAL  
17 UNIT COMMENCED OR COMMENCES PARTICIPATION IN THE LAW ENFORCEMENT  
18 OFFICERS' PENSION SYSTEM.

19 (C) "ELIGIBLE GOVERNMENTAL UNIT" MEANS A GOVERNMENTAL UNIT THAT  
20 IS ELIGIBLE TO PARTICIPATE IN THE LAW ENFORCEMENT OFFICERS' PENSION  
21 SYSTEM UNDER § 31-2A-02 OF THIS SUBTITLE.

22 (D) "LAW ENFORCEMENT OFFICER" MEANS AN INDIVIDUAL CERTIFIED BY  
23 THE MARYLAND POLICE TRAINING COMMISSION AS A LAW ENFORCEMENT OFFICER.

24 (E) (1) "LOCAL PENSION SYSTEM" MEANS A RETIREMENT OR PENSION  
25 SYSTEM OF AN ELIGIBLE GOVERNMENTAL UNIT.

26 (2) "LOCAL PENSION SYSTEM" INCLUDES THE EMPLOYEES' RETIREMENT  
27 SYSTEM AND THE EMPLOYEES' PENSION SYSTEM IF THE ELIGIBLE GOVERNMENTAL  
28 UNIT PARTICIPATES UNDER SUBTITLE 1 OF THIS TITLE.

29 31-2A-02.

30 SUBJECT TO § 31-2A-03 OF THIS SUBTITLE, THE GOVERNMENTAL UNITS THAT  
31 ARE ELIGIBLE TO PARTICIPATE IN THE LAW ENFORCEMENT OFFICERS' PENSION  
32 SYSTEM ARE:

33 (1) COUNTIES; AND

34 (2) MUNICIPAL CORPORATIONS.

1 31-2A-03.

2 IF AT LEAST 60% OF THE LAW ENFORCEMENT OFFICERS OF AN ELIGIBLE  
3 GOVERNMENTAL UNIT WHO ARE MEMBERS OF A LOCAL PENSION SYSTEM PETITION  
4 TO BECOME MEMBERS OF THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM,  
5 THE LEGISLATIVE BODY OF THE ELIGIBLE GOVERNMENTAL UNIT MAY APPROVE THE  
6 PARTICIPATION OF THESE LAW ENFORCEMENT OFFICERS IN THE LAW  
7 ENFORCEMENT OFFICERS' PENSION SYSTEM AS THOUGH THE LOCAL PENSION  
8 SYSTEM WERE NOT IN OPERATION.

9 31-2A-04.

10 IF A LAW ENFORCEMENT OFFICER JOINS THE LAW ENFORCEMENT OFFICERS'  
11 PENSION SYSTEM WITHIN 6 MONTHS AFTER THE EFFECTIVE DATE, THE MEMBER IS  
12 ENTITLED TO CREDIT FOR EMPLOYMENT WITH THE PARTICIPATING  
13 GOVERNMENTAL UNIT BEFORE THE EFFECTIVE DATE.

14 31-2A-05.

15 (A) IF AN ELIGIBLE GOVERNMENTAL UNIT APPROVES PARTICIPATION IN THE  
16 LAW ENFORCEMENT OFFICERS' PENSION SYSTEM, THE OPERATION OF THE LOCAL  
17 PENSION SYSTEM WITH RESPECT TO THE LAW ENFORCEMENT OFFICERS  
18 TERMINATES ON THE EFFECTIVE DATE.

19 (B) (1) ON THE EFFECTIVE DATE:

20 (I) THE ASSETS TO THE CREDIT OF THE LOCAL PENSION SYSTEM  
21 THAT RELATE TO THE LAW ENFORCEMENT OFFICERS WHO ELECT TO BECOME  
22 MEMBERS SHALL BE TRANSFERRED TO THE LAW ENFORCEMENT OFFICERS'  
23 PENSION SYSTEM; AND

24 (II) THE TRUSTEE OR OTHER ADMINISTRATIVE HEAD OF THE  
25 LOCAL PENSION SYSTEM SHALL CERTIFY THE PROPORTION OF THE FUNDS OF THE  
26 LOCAL PENSION SYSTEM THAT REPRESENTS THE ACCUMULATED CONTRIBUTIONS  
27 OF THE MEMBERS AS OF THAT DATE.

28 (2) THE ACCUMULATED CONTRIBUTIONS SHALL BE CREDITED TO THE  
29 RESPECTIVE ANNUITY SAVINGS ACCOUNTS OF THE MEMBERS IN THE LAW  
30 ENFORCEMENT OFFICERS' PENSION SYSTEM.

31 (3) THE BALANCE OF THE FUNDS TRANSFERRED TO THE LAW  
32 ENFORCEMENT OFFICERS' PENSION SYSTEM SHALL BE OFFSET AGAINST THE  
33 SPECIAL ACCRUED LIABILITY TO BE FUNDED BY THE PARTICIPATING  
34 GOVERNMENTAL UNIT AS PROVIDED BY § 21-306.1(D) OF THIS ARTICLE.

35 31-301.

36 (a) In this subtitle the following words have the meanings indicated.

37 (b) "Employees' system" has the meaning stated in § 31-101 of this title.

1 (c) "Legislative body" has the meaning stated in § 31-101 of this title.

2 (d) "Local pension system" has the meaning stated in § 31-101 of this title.

3 (e) "Withdrawal date" means the date that a withdrawal by a participating  
4 governmental unit from the employees' systems [or], the Local Fire and Police  
5 System, OR THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM takes effect.

6 31-302.

7 (a) The legislative body of a participating governmental unit may withdraw  
8 from participation in the employees' systems and transfer to a local pension system  
9 any of the following groups of employees of the governmental unit who consent to the  
10 withdrawal:

11 (1) all employees of the participating governmental unit;

12 (2) fire fighters;

13 (3) law enforcement personnel; or

14 (4) subject to the approval of the Board of Trustees, a homogeneous unit  
15 of at least 10 employees.

16 (b) The legislative body of a participating governmental unit may withdraw  
17 from participation in the Local Fire and Police System and transfer to a local pension  
18 system the law enforcement officers or fire fighters of the participating governmental  
19 unit who consent to the withdrawal.

20 (C) THE LEGISLATIVE BODY OF A PARTICIPATING GOVERNMENTAL UNIT MAY  
21 WITHDRAW FROM PARTICIPATION IN THE LAW ENFORCEMENT OFFICERS' PENSION  
22 SYSTEM AND TRANSFER TO A LOCAL PENSION SYSTEM THE LAW ENFORCEMENT  
23 OFFICERS OF THE PARTICIPATING GOVERNMENTAL UNIT WHO CONSENT TO THE  
24 WITHDRAWAL.

25 31-303.

26 A withdrawal and transfer under § 31-302 of this subtitle takes effect at the end  
27 of the State's fiscal year.

28 31-304.

29 If a participating governmental unit withdraws from the employees' systems  
30 [or], the Local Fire and Police System, OR THE LAW ENFORCEMENT OFFICERS'  
31 PENSION SYSTEM, the accumulated contributions of the withdrawn employees shall  
32 be transferred on the withdrawal date to the administrative board of the local pension  
33 system and credited to the account of those employees.

1 31-305.

2 (a) As of the effective date of withdrawal of a participating governmental unit,  
3 the Board of Trustees shall transfer to the administrative board of the local pension  
4 system the portion of the assets that are allocable to the withdrawn employees as  
5 determined under § 21-305.5, § 21-305.6, [or] § 21-306, OR § 21-306.1 of this article.

6 (b) The administrative board of the local pension system shall hold the  
7 transferred assets in trust to provide retirement benefits for the withdrawn  
8 employees.

9 31-306.

10 A participating governmental unit shall pay all administrative costs involved in  
11 the withdrawal or reentry if the participating governmental unit:

12 (1) withdraws its employees from the employees' systems [or], Local  
13 Fire and Police System, OR LAW ENFORCEMENT OFFICERS' PENSION SYSTEM; or

14 (2) elects to participate in the employees' systems [or], Local Fire and  
15 Police System, OR LAW ENFORCEMENT OFFICERS' PENSION SYSTEM for employees  
16 who were previously withdrawn.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
18 October 1, 1998.