

HOUSE BILL 1071

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SB 773/97 - B&T

1998 Regular Session
8r1806
CF 8r0428

By: **Delegates Franchot, Hixson, Shriver, Goldwater, Grosfeld, Kopp,
Mandel, Heller, Kagan, Faulkner, Hurson, Mossburg, and Cryor**

Introduced and read first time: February 13, 1998

Assigned to: Ways and Means

A BILL ENTITLED

1 AN ACT concerning

2 **Education - State Funding - Social Security Contributions**

3 FOR the purpose of repealing certain provisions of law relating to the obligations of
4 certain employers for Social Security contributions; requiring the State to pay
5 part of the employer Social Security contributions for certain employees of local
6 boards of education, community colleges, and county public library systems;
7 expanding certain authority of the State Retirement Agency; requiring the State
8 Retirement Agency to adopt certain regulations; establishing certain limits on
9 the amount of money that may be distributed under certain provisions of this
10 Act to the counties and Baltimore City for certain fiscal years; and generally
11 relating to the Social Security contributions of employers of certain local
12 employees.

13 BY repealing

14 Article - Education
15 Section 5-202(d), 16-305(c)(8), and 23-503(c)
16 Annotated Code of Maryland
17 (1997 Replacement Volume and 1997 Supplement)

18 BY repealing and reenacting, with amendments,

19 Article - Education
20 Section 5-203(b) and (c)(1)(i), 16-305(c)(9), 16-306(b) and (c)(1)(i), and
21 23-504(b) and (c)(1)(i)
22 Annotated Code of Maryland
23 (1997 Replacement Volume and 1997 Supplement)

24 BY adding to

25 Article - Education
26 Section 5-203.1, 16-305(c)(8), and 23-503(c)
27 Annotated Code of Maryland
28 (1997 Replacement Volume and 1997 Supplement)

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

3 **Article - Education**

4 5-202.

5 [(d) Any employer Social Security contributions required by federal law for any
6 employee of a county board or local school system shall remain the obligation of the
7 employer.]

8 5-203.

9 (b) The Agency may at any time examine the records of local school systems to
10 determine whether the State's payments for SOCIAL SECURITY TAXES AND retirement
11 contributions for employees of the school systems are in accordance with the
12 provisions of Division II of the State Personnel and Pensions Article AND THIS
13 ARTICLE.

14 (c) (1) (i) If an examination of the records of a local school system shows
15 that the State has paid more than is required under THIS ARTICLE AND Division II of
16 the State Personnel and Pensions Article, within 30 days after the date of the notice
17 to the school system of the State overpayment, the school system may appeal the
18 notice of State overpayment to the Secretary of Budget and Management who shall
19 appoint a hearing examiner.

20 5-203.1.

21 (A) (1) FOR THE PURPOSES OF THIS SECTION, THE STATE RETIREMENT
22 AGENCY SHALL ADOPT REGULATIONS THAT, SUBJECT TO AND CONSISTENT WITH
23 THE PROVISIONS OF PARAGRAPH (2) OF THIS SUBSECTION, DEFINE "ELIGIBLE
24 POSITION".

25 (2) EFFECTIVE JULY 1, 1998, EXCEPT AS OTHERWISE PROVIDED IN THIS
26 SUBSECTION, "ELIGIBLE POSITION" MEANS A POSITION THAT IS HELD BY AN
27 EMPLOYEE OF A COUNTY BOARD OR LOCAL SCHOOL SYSTEM WHO IS A MEMBER AND
28 WHO IS ELIGIBLE TO BE A MEMBER OF THE TEACHERS' RETIREMENT SYSTEM OR THE
29 TEACHERS' PENSION SYSTEM AND:

30 (I) WHO PERFORMS INSTRUCTIONAL DUTIES IN A PUBLIC DAY
31 SCHOOL DURING THE NORMAL 10-MONTH SCHOOL YEAR AS A SUPERVISORY
32 TEACHER, A TEACHER WHO IS CERTIFIED, A HELPING TEACHER, OR A CLASSROOM
33 TEACHER AIDE; OR

34 (II) WHO HOLDS ANY OTHER POSITION IN A CLASS THAT WAS
35 CONSIDERED ELIGIBLE FOR STATE PAYMENT OF EMPLOYER CONTRIBUTIONS FOR
36 SOCIAL SECURITY UNDER THE STANDARDS APPLIED BY THE DEPARTMENT OF
37 PERSONNEL AS OF JANUARY 11, 1980.

1 (B) FOR FISCAL YEAR 1999, AND EACH FISCAL YEAR THEREAFTER, THE
2 EMPLOYER SOCIAL SECURITY CONTRIBUTIONS FOR ANY ELIGIBLE POSITION SHALL
3 BE SHARED BY EACH COUNTY AND THE STATE AS PROVIDED IN SUBSECTIONS (C)
4 AND (D) OF THIS SECTION.

5 (C) (1) FOR FISCAL YEAR 1999, THE EMPLOYER SOCIAL SECURITY
6 CONTRIBUTIONS PAID BY THE STATE FOR ANY ELIGIBLE POSITION SHALL EQUAL 1.5
7 PERCENT OF THAT PART OF THE SALARY PAID WHICH IS INCLUDED WITHIN THE
8 SOCIAL SECURITY WAGE BASE AS DEFINED IN FEDERAL LAW.

9 (2) FOR FISCAL YEAR 2000, THE EMPLOYER SOCIAL SECURITY
10 CONTRIBUTIONS PAID BY THE STATE FOR ANY ELIGIBLE POSITION SHALL EQUAL 2.5
11 PERCENT OF THAT PART OF THE SALARY PAID WHICH IS INCLUDED WITHIN THE
12 SOCIAL SECURITY WAGE BASE AS DEFINED IN FEDERAL LAW.

13 (3) FOR FISCAL YEAR 2001, AND EACH FISCAL YEAR THEREAFTER, THE
14 EMPLOYER SOCIAL SECURITY CONTRIBUTIONS PAID BY THE STATE FOR ANY
15 ELIGIBLE POSITION SHALL EQUAL 3.5 PERCENT OF THAT PART OF THE SALARY PAID
16 WHICH IS INCLUDED WITHIN THE SOCIAL SECURITY WAGE BASE AS DEFINED IN
17 FEDERAL LAW.

18 (D) FOR EACH EMPLOYEE WHO HOLDS AN ELIGIBLE POSITION, THE COUNTY
19 SHALL PAY THE DIFFERENCE BETWEEN THE CONTRIBUTION PAID BY THE STATE
20 UNDER SUBSECTION (C) OF THIS SECTION AND THE TOTAL EMPLOYER
21 CONTRIBUTION THAT IS DUE UNDER FEDERAL LAW.

22 16-305.

23 (c) [(8) Any employer Social Security contributions required by federal law
24 for any employee of a board of community college trustees shall remain the obligation
25 of the employer.]

26 (8) (I) FOR THE PURPOSES OF THIS PARAGRAPH, THE STATE
27 RETIREMENT AGENCY SHALL ADOPT REGULATIONS TO DEFINE "ELIGIBLE
28 POSITION".

29 (II) FOR FISCAL YEAR 1999, THE EMPLOYER SOCIAL SECURITY
30 CONTRIBUTIONS PAID BY THE STATE FOR ANY ELIGIBLE POSITION SHALL EQUAL 1.5
31 PERCENT OF THAT PART OF THE SALARY PAID WHICH IS INCLUDED WITHIN THE
32 SOCIAL SECURITY WAGE BASE AS DEFINED IN FEDERAL LAW.

33 (III) FOR FISCAL YEAR 2000, THE EMPLOYER SOCIAL SECURITY
34 CONTRIBUTIONS PAID BY THE STATE FOR ANY ELIGIBLE POSITION SHALL EQUAL 2.5
35 PERCENT OF THAT PART OF THE SALARY PAID WHICH IS INCLUDED WITHIN THE
36 SOCIAL SECURITY WAGE BASE AS DEFINED IN FEDERAL LAW.

37 (IV) FOR FISCAL YEAR 2001, AND EACH FISCAL YEAR THEREAFTER,
38 THE EMPLOYER SOCIAL SECURITY CONTRIBUTIONS PAID BY THE STATE FOR ANY
39 ELIGIBLE POSITION SHALL EQUAL 3.5 PERCENT OF THAT PART OF THE SALARY PAID

1 WHICH IS INCLUDED WITHIN THE SOCIAL SECURITY WAGE BASE AS DEFINED IN
2 FEDERAL LAW.

3 (9) The State contribution to THE EMPLOYER'S SOCIAL SECURITY,
4 retirement, and fringe benefit costs is not included in the calculations of amounts
5 under this subsection.

6 16-306.

7 (b) The Agency may at any time examine the records of public junior or
8 community colleges to determine whether the State's payment for SOCIAL SECURITY
9 TAXES AND retirement contributions for employees of the public junior or community
10 colleges are in accordance with the provisions of THIS ARTICLE AND Division II of the
11 State Personnel and Pensions Article.

12 (c) (1) (i) If an examination of the records of a public junior or community
13 college shows that the State has paid more than is required under THIS ARTICLE AND
14 Division II of the State Personnel and Pensions Article, within 30 days after the date
15 of the notice to the junior or community college of the State overpayment, the junior
16 or community college may appeal the notice of State overpayment to the Secretary of
17 Budget and Management who shall appoint a hearing examiner.

18 23-503.

19 [(c) Any employer Social Security contributions required by federal law for any
20 employee in a county public library system shall remain the obligation of the
21 employer.]

22 (C) (1) FOR THE PURPOSES OF THIS SUBSECTION, THE STATE RETIREMENT
23 AGENCY SHALL ADOPT REGULATIONS THAT DEFINE "ELIGIBLE POSITION".

24 (2) FOR FISCAL YEAR 1999, THE EMPLOYER SOCIAL SECURITY
25 CONTRIBUTIONS PAID BY THE STATE FOR ANY ELIGIBLE POSITION IN A COUNTY
26 PUBLIC LIBRARY SYSTEM SHALL EQUAL 1.5 PERCENT OF THAT PART OF THE SALARY
27 PAID WHICH IS INCLUDED WITHIN THE SOCIAL SECURITY WAGE BASE AS DEFINED
28 IN FEDERAL LAW.

29 (3) FOR FISCAL YEAR 2000, THE EMPLOYER SOCIAL SECURITY
30 CONTRIBUTIONS PAID BY THE STATE FOR ANY ELIGIBLE POSITION IN A COUNTY
31 PUBLIC LIBRARY SYSTEM SHALL EQUAL 2.5 PERCENT OF THAT PART OF THE SALARY
32 PAID WHICH IS INCLUDED WITHIN THE SOCIAL SECURITY WAGE BASE AS DEFINED
33 IN FEDERAL LAW.

34 (4) FOR FISCAL YEAR 2001, AND EACH FISCAL YEAR THEREAFTER, THE
35 EMPLOYER SOCIAL SECURITY CONTRIBUTIONS PAID BY THE STATE FOR ANY
36 ELIGIBLE POSITION IN A COUNTY PUBLIC LIBRARY SYSTEM SHALL EQUAL 3.5
37 PERCENT OF THAT PART OF THE SALARY PAID WHICH IS INCLUDED WITHIN THE
38 SOCIAL SECURITY WAGE BASE AS DEFINED IN FEDERAL LAW.

1 23-504.

2 (b) The Agency may at any time examine the records of public libraries to
3 determine whether the State's payments for SOCIAL SECURITY TAXES AND retirement
4 contributions for employees of the public libraries are in accordance with the
5 provisions of THIS ARTICLE AND Division II of the State Personnel and Pensions
6 Article.

7 (c) (1) (i) If an examination of the records of a public library shows that
8 the State has paid more than is required under THIS ARTICLE AND Division II of the
9 State Personnel and Pensions Article, within 30 days after the date of the notice to
10 the library of the State overpayment, the public library may appeal the notice of State
11 overpayment to the Secretary of Budget and Management who shall appoint a
12 hearing examiner.

13 SECTION 2. AND BE IT FURTHER ENACTED, That for the fiscal year that
14 begins July 1, 1998, the total amount to be distributed to the counties and Baltimore
15 City under §§ 5-203.1(c), 16-305(c)(8), and 23-503(c) of the Education Article may not
16 exceed \$35,000,000.

17 SECTION 3. AND BE IT FURTHER ENACTED, That for the fiscal year that
18 begins July 1, 1999, the total amount to be distributed to the counties and Baltimore
19 City under §§ 5-203.1(c), 16-305(c)(8), and 23-503(c) of the Education Article may not
20 exceed \$50,000,000.

21 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
22 July 1, 1998.