

SENATE BILL 449

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SB 773/97 - B&T

1998 Regular Session  
8lr0428  
CF 8lr1806

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By: **Senators Ruben, Roesser, Hogan, Currie, Frosh, Van Hollen, and Forehand**

Introduced and read first time: February 6, 1998  
Assigned to: Budget and Taxation

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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 2.0  
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 2.0  
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 2.0 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 2.0 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 \$61,500,000.

17 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
18 July 1, 1998.