

BY: Budget and Taxation Committee

AMENDMENTS TO SENATE BILL NO. 363

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, strike “Pension System - Participating Governmental Units” and substitute “and Teachers’ Systems”; in line 3, after “Benefit” insert “Program - Participating Governmental Units and Selection C (Combination Formula) Members”; in line 10, after “irrevocable;” insert “providing for inclusion in the contributory benefits program of the Employees’ Pension System and Teachers’ Pension System of certain members of the Employees’ and Teachers’ Retirement System who are subject to Selection C (Combination formula); providing for inclusion in the Optional Defined Contribution System of certain members of the Employees’ Retirement System who are subject to Selection C (Combination formula);”; in line 12, after “members;” insert “clarifying the apportionment of creditable service attributable to qualifying military service and unused sick leave;”; in line 14, strike the first “the”; in the same line, strike “of certain governmental units in” and substitute “in the contributory benefits program of”; in line 15, after “System” insert “and the Teachers’ Pension System and in the Optional Defined Contribution System”; strike in its entirety line 18 and substitute “Section 22-214(c), 23-212, 23-302, 23-303, 23-309, 23-401, 29-422, 29-425, and 31-112”; in line 24, strike “and 31-116” and substitute “, 23-308.1, 23-310, and 31-116”; and after line 26, insert:

“BY repealing and reenacting, with amendments,

Article - State Personnel and Pensions

Section 32-101(b)

Annotated Code of Maryland

(1997 Replacement Volume and 1998 Supplement)

(As enacted by Chapter 530 of the Acts of the General Assembly of 1998)”.

AMENDMENT NO. 2

On page 2, after line 1, insert:

(Over)

“22-214.

(c) (1) This subsection applies to a member who is subject to Selection C (Combination formula).

(2) A member’s contribution rate is [5% of the part of the member’s earnable compensation that exceeds the taxable wage base for each year] AS PROVIDED IN § 23-212 OF THIS ARTICLE.”;

in line 23, after “SYSTEM” insert “OR THE TEACHERS’ RETIREMENT SYSTEM”; and strike beginning with “WHO” in line 25 down through “ARTICLE” in line 27.

### AMENDMENT NO. 3

On page 5, in line 19, strike “JUNE 30, 1999” and substitute “THE EFFECTIVE DATE OF ELECTION OF THE MEMBER’S PARTICIPATING EMPLOYER”; in line 26, strike “REQUIRED” and substitute “AS PROVIDED”; in line 29, strike the third “MEMBER” and substitute “RETIREE”; and after line 29, insert:

“23-308.1.

(A) THIS SECTION APPLIES ONLY TO A FORMER MEMBER, MEMBER, RETIREE, OR SURVIVING BENEFICIARY OF THE EMPLOYEES’ RETIREMENT SYSTEM OR THE TEACHERS’ RETIREMENT SYSTEM WHO IS SUBJECT TO THE SELECTION C (COMBINATION FORMULA) AS PROVIDED IN § 22-221 OF THIS ARTICLE AND TO SUBTITLE 2, PART II OF THIS TITLE.

(B) EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, A MEMBER WHO IS SUBJECT TO THE CONTRIBUTORY PENSION BENEFIT UNDER SUBTITLE 2, PART II OF THIS TITLE MAY PURCHASE CREDIT FOR ELIGIBILITY SERVICE FOR THE PERIOD OF EMPLOYMENT FROM JULY 1, 1998 THROUGH JUNE 30, 1999, OR, IF AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT, FROM JULY 1, 1998 THROUGH THE EFFECTIVE DATE OF ELECTION OF THE MEMBER’S PARTICIPATING EMPLOYER, BY PAYING TO THE BOARD OF TRUSTEES:

(1) ON OR BEFORE JUNE 30, 2000, THE AMOUNT THE MEMBER WOULD HAVE BEEN REQUIRED TO CONTRIBUTE FOR THAT PERIOD OF EMPLOYMENT; OR

(2) ON OR AFTER JULY 1, 2000, THE AMOUNT THE MEMBER WOULD HAVE BEEN REQUIRED TO CONTRIBUTE FOR THAT PERIOD OF EMPLOYMENT PLUS

REGULAR INTEREST COMPOUNDED ANNUALLY.

(C) IF THE MEMBER FAILS TO MAKE THE PAYMENT AS PROVIDED UNDER SUBSECTION (B) OF THIS SECTION, THE BOARD OF TRUSTEES SHALL REDUCE ACTUARIALLY THE ALLOWANCE PAYABLE TO A FORMER MEMBER, RETIREE, OR SURVIVING BENEFICIARY OF A DECEASED MEMBER, FORMER MEMBER, OR RETIREE.

23-309.

(a) (1) For the purpose of computing benefits under this title, creditable service consists of:

(i) eligibility service as adjusted under subsection (b) of this section; and

(ii) credit for unused sick leave as provided in § 20-206 of this article AND § 23-310 OF THIS SUBTITLE.

(2) (i) This paragraph does not apply to an official of a participating governmental unit.

(ii) An official who was appointed on or after June 1, 1980, may not receive creditable service in the Employees' Pension System for any year in which the official works fewer than 130 days.

(b) (1) This subsection does not apply to eligibility service that consists of:

(i) service credit transferred from another retirement or pension system;

(ii) military service credit granted under Title 38 of this article; or

(iii) service credit purchased under this subtitle.

(2) The Board of Trustees shall adjust a member's eligibility service as provided

(Over)

in this subsection.

(3) (i) The Board of Trustees shall adopt regulations to determine for any fiscal year the amount of creditable service that equals the eligibility service for a member who has completed less than the normal hours of employment for the member's position.

(ii) The normal hours of employment for a position equals the minimum number of hours to be completed by a full-time employee serving in the member's position.

(iii) The creditable service recognized for a fiscal year may not be less than the eligibility service for the member multiplied by a fraction not to exceed 1 that has:

1. as its numerator, the number of hours of employment as a member that the member has completed during that year; and

2. as its denominator, the normal number of hours of employment for the member's position.

(C) (1) THIS SUBSECTION APPLIES ONLY TO A MEMBER WHO IS:

(I) SUBJECT TO THE CONTRIBUTORY PENSION BENEFIT UNDER SUBTITLE 2, PART II OF THIS TITLE; AND

(II) ENTITLED TO ELIGIBILITY SERVICE FOR MILITARY SERVICE CREDIT GRANTED UNDER TITLE 38 OF THIS ARTICLE.

(2) THE BOARD OF TRUSTEES SHALL ADJUST A MEMBER'S ELIGIBILITY SERVICE FOR MILITARY SERVICE CREDIT GRANTED UNDER TITLE 38 OF THIS ARTICLE AS PROVIDED IN THIS SUBSECTION.

(3) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS PARAGRAPH, A MEMBER'S ELIGIBILITY SERVICE FOR MILITARY SERVICE CREDIT SHALL BE TREATED AS CREDITABLE SERVICE ON OR AFTER JULY 1, 1998.

(II) THE BOARD OF TRUSTEES SHALL TREAT A MEMBER'S MILITARY SERVICE CREDIT AS CREDITABLE SERVICE ON OR BEFORE JUNE 30, 1998, IF THE MEMBER:

1. IS ENTITLED TO CREDIT FOR THE MILITARY SERVICE UNDER § 38-103 OF THIS ARTICLE ON ACCOUNT OF THE MEMBER'S ABSENCE FROM EMPLOYMENT WHILE IN MILITARY SERVICE ON OR BEFORE JUNE 30, 1998; OR

2. RECEIVED CREDIT FOR THE MILITARY SERVICE UNDER § 38-104 OF THIS ARTICLE ON OR BEFORE JUNE 30, 1998, AS REFLECTED IN THE RECORDS OF THE STATE RETIREMENT AGENCY.

23-310.

THE BOARD OF TRUSTEES SHALL TREAT A MEMBER'S CREDIT FOR UNUSED SICK LEAVE AS CREDITABLE SERVICE ON OR AFTER JULY 1, 1998, IF AT THE TIME OF RETIREMENT, THE MEMBER IS:

(1) SUBJECT TO THE CONTRIBUTORY PENSION BENEFIT UNDER SUBTITLE 2, PART II OF THIS TITLE; AND

(2) ENTITLED TO SERVICE CREDIT FOR UNUSED SICK LEAVE UNDER § 20-206 OF THIS ARTICLE.”.

AMENDMENT NO. 4

On page 7, after line 2, insert:

“29-422.

(a) In this section, “effective date of selection” means the date that the member, former member, or retiree first became subject to Selection C (Combination formula) as provided in § 22-221 of this title.

(Over)

(b) Except as provided in [subsection (c)] SUBSECTIONS (C) AND (D) of this section, the Board of Trustees shall adjust an allowance described in § 29-421 of this subtitle:

(1) for creditable service before the effective date of selection, as provided by Part III of this subtitle; and

(2) for creditable service on or after the effective date of selection, as provided by [Part III] PART VI of this subtitle.

(c) [For] SUBJECT TO SUBSECTION (D) OF THIS SECTION, FOR a member, former member, or retiree who was subject to Selection B (Limited cost-of-living adjustment) before electing Selection C (Combination formula), the Board of Trustees shall adjust an allowance described in § 29-421 of this subtitle:

(1) for creditable service before the effective date of selection, as provided by Part IV of this subtitle; and

(2) for creditable service on or after the effective date of selection, as provided by [Part III] PART VI of this subtitle.

(D) IF AN ALLOWANCE IS RECEIVED BY A FORMER MEMBER, RETIREE, OR SURVIVING BENEFICIARY OF A DECEASED MEMBER, FORMER MEMBER, OR RETIREE WHO, WHILE A MEMBER, WAS AN EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT THAT HAS NOT ELECTED THE CONTRIBUTORY PENSION BENEFIT OF ITS EMPLOYEES UNDER § 31-116 OF THIS ARTICLE OR A FORMER PARTICIPATING GOVERNMENTAL UNIT THAT HAS WITHDRAWN, THE BOARD OF TRUSTEES SHALL ADJUST THE ALLOWANCE FOR CREDITABLE SERVICE ON OR AFTER THE EFFECTIVE DATE OF SELECTION AS PROVIDED IN PART II OF THIS SUBTITLE.”.

AMENDMENT NO. 5

On page 8, after line 14, insert:

“SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article - State Personnel and Pensions

32-101.

(b) “Eligible employee” means a member of the Employees’ Pension System OR THE EMPLOYEES’ RETIREMENT SYSTEM WHO IS SUBJECT TO SELECTION C (COMBINATION FORMULA) AS PROVIDED IN § 22-221 OF THIS ARTICLE, other than:

(1) an employee of a participating governmental unit or a former participating governmental unit that has withdrawn; or

(2) a member of the Employees’ Pension System who transferred from the Employees’ Retirement System after April 1, 1998.”;

in line 15, strike “2.” and substitute “3.”; in line 16, strike “It” and substitute “Section 1 of this Act”; and in line 17, after “System” insert “, Teachers’ Pension System, Employees’ Retirement System, and Teachers’ Retirement System”.