

SENATE BILL 868

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2002 Regular Session  
2lr2863  
CF 2lr2625

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By: **Senator Hafer**

Introduced and read first time: February 21, 2002

Assigned to: Rules

Re-referred to: Budget and Taxation, March 4, 2002

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Committee Report: Favorable

Senate action: Adopted

Read second time: March 28, 2002

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2                                   **Employees' Pension System - Participating Governmental Units -**  
3                                   **Contributory Pension Benefit**

4 FOR the purpose of allowing the employees of certain participating governmental  
5 units who are members of the Employees' Pension System to become subject to a  
6 certain contributory pension benefit that alters the benefits those members  
7 receive and requires a certain member contribution; authorizing the purchase of  
8 service credit under certain circumstances; requiring certain participating  
9 governmental units to pay for certain additional pension liabilities according to  
10 any increases in the normal cost percentage plus a certain amortization  
11 schedule approved by the Board of Trustees for the State Retirement and  
12 Pension System; and generally relating to participation in the contributory  
13 pension benefit portion of the Employees' Pension System by employees of  
14 certain participating governmental units.

15 BY repealing and reenacting, with amendments,  
16 Article - State Personnel and Pensions  
17 Section 21-307, 23-307.1, and 31-116  
18 Annotated Code of Maryland  
19 (1997 Replacement Volume and 2001 Supplement)

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

1 **Article - State Personnel and Pensions**

2 21-307.

3 (a) For a permanent employee of a board of supervisors of elections who is a  
4 member of the Employees' Retirement System or the Employees' Pension System, the  
5 county where the member is employed shall:

6 (1) pay to the Board of Trustees the employer contributions otherwise  
7 required to be made by the State on behalf of the member; and

8 (2) deduct from the compensation payable to the member and pay to the  
9 Board of Trustees the required member contributions.

10 (b) (1) For a master in chancery or a master in juvenile causes who is  
11 eligible for benefits under the Judges' Retirement System, the county where the  
12 master serves shall pay to the Judges' Retirement System a portion of the employer  
13 contributions required to be paid on behalf of the master as determined under  
14 paragraph (2) of this subsection.

15 (2) The amount payable by a county for a master under this subsection is  
16 the product of multiplying:

17 (i) the sum of the accrued liability contribution rate and the  
18 normal contribution rate; and

19 (ii) the difference between the master's current earnable  
20 compensation and the earnable compensation of the master as of January 1, 1989.

21 (c) For a member or retiree who transferred to the Teachers' Retirement  
22 System of the State of Maryland from the Employees' Retirement System of the City  
23 of Baltimore, the local system shall pay any excess of the amount to which the  
24 member or retiree would have been entitled under the provisions of the local system  
25 as they existed as of July 1, 1971, over the amount that is provided under this  
26 Division II.

27 (d) For an additional employee or agent of the State Racing Commission who  
28 is a member of the Employees' Pension System, the licensees of the State Racing  
29 Commission shall pay the employer contributions otherwise required to be made by  
30 the State on behalf of the member in the manner that the licensees pay the salary for  
31 an additional employee or agent under the Maryland Horse Racing Act.

32 (e) For an employee of Dorchester County who is a member of the Employees'  
33 Pension System or the Employees' Retirement System, Dorchester County shall pay  
34 the employer contributions otherwise required to be made by the State on behalf of  
35 the member.

36 (f) (1) For a member of the State Police Retirement System, the State shall  
37 pay the cost of special death benefits under § 29-204(b)(1)(ii) of this article, including  
38 the normal contribution rate and the accrued liability rate, up to the current

1 contribution rate for employers for federal old age, survivors, and disability  
2 insurance.

3           (2)       Except as provided in paragraph (3) of this subsection, the members  
4 shall pay the cost of the special death benefits that exceeds the current rate for  
5 federal old age, survivors, and disability insurance.

6           (3)       The State shall pay the full costs of each special death benefit  
7 applicable to each member whose death arises out of or in the course of actual  
8 performance of duty.

9       (g)       For an employee of the Maryland Environmental Service who is a member  
10 of the Employees' Retirement System or the Pension System for Employees, the  
11 Maryland Environmental Service shall pay to the Board of Trustees the employer  
12 contributions otherwise required to be made by the State on behalf of the member.

13       (h)       For a court reporter for the Circuit Court for Charles County who is a  
14 member of the Employees' Retirement System or the Employees' Pension System, the  
15 County Commissioners of Charles County shall pay the employer contributions  
16 otherwise required to be made by the State on behalf of the member.

17       (i)       (1)       Except as provided in subsection (j) of this section, the University  
18 System of Maryland shall pay an annual accrued liability contribution equal to an  
19 amount that is sufficient to liquidate over not more than 5 years, the increase in the  
20 accrued liability by means of annual payments that increase each year based on  
21 actuarial assumptions adopted by the Board of Trustees on the recommendation of  
22 the actuary.

23           (2)       The University System of Maryland:

24                   (i)       shall pay to the Board of Trustees the amount required under  
25 this subsection on July 1 of each year until the increase in the accrued liability is paid  
26 in full; and

27                   (ii)       may prepay all or a portion of the increase in the accrued  
28 liability in accordance with a calculation approved by the Board of Trustees.

29       (j)       (1)       The Medical System, as defined in § 13-301(k) of the Education  
30 Article, shall pay an annual accrued liability contribution equal to an amount that is  
31 sufficient to liquidate, over not more than 5 years, the increase in the accrued liability  
32 determined under § 21-304(d)(5) of this subtitle that is attributable to the retirement  
33 of Medical System university personnel, as defined in § 13-301(q) of the Education  
34 Article, by means of annual payments that increase each year based on actuarial  
35 assumptions adopted by the Board of Trustees on the recommendation of the actuary.

36           (2)       The Medical System:

37                   (i)       shall pay to the Board of Trustees the amount required under  
38 this subsection on July 1 of each year until the increase in the accrued liability is paid  
39 in full; and

1 (ii) may prepay all or a portion of the increase in the accrued  
2 liability in accordance with a calculation approved by the Board of Trustees.

3 (k) For each employee who is subject to the contributory pension benefit under  
4 Title 23, Subtitle 2, Part II of this article, Frederick County shall pay the additional  
5 liabilities that result from the contributory pension benefit according to a schedule of  
6 amortization that is subject to the approval of the Board of Trustees.

7 (L) FOR EACH EMPLOYEE OF A PARTICIPATING GOVERNMENTAL UNIT THAT  
8 INITIALLY ELECTS TO PROVIDE ITS EMPLOYEES WITH THE CONTRIBUTORY PENSION  
9 BENEFIT UNDER TITLE 23, SUBTITLE 2, PART II OF THIS ARTICLE BETWEEN JULY 1,  
10 2002 AND DECEMBER 31, 2002, INCLUSIVE, THE PARTICIPATING GOVERNMENTAL  
11 UNIT SHALL PAY THE ADDITIONAL LIABILITIES THAT RESULT FROM THE  
12 CONTRIBUTORY PENSION BENEFIT ACCORDING TO ANY INCREASE IN THE NORMAL  
13 COST PERCENTAGE PLUS A SCHEDULE OF AMORTIZATION THAT IS SUBJECT TO THE  
14 APPROVAL OF THE BOARD OF TRUSTEES.

15 23-307.1.

16 (a) This section applies only to a former member, member, retiree, or surviving  
17 beneficiary of the Employees' Pension System who, while a member, was an employee  
18 of a participating governmental unit that elected the contributory pension benefit for  
19 its employees under § 31-116 of this article.

20 (b) Except as provided in subsection (c) of this section, a member who is  
21 subject to the contributory pension benefit under Subtitle 2, Part II of this title may  
22 purchase credit for eligibility service for the period of employment from July 1, 1998,  
23 through the effective date of election of the member's participating employer, by  
24 paying to the Board of Trustees:

25 (1) on or before June 30, [2000] 2003, the amount the member would  
26 have been required to contribute for that period of employment; or

27 (2) on or after July 1, [2000] 2003, the amount the member would have  
28 been required to contribute for that period of employment plus regular interest  
29 compounded annually.

30 (c) If the member fails to make the payment as provided under subsection (b)  
31 of this section, the Board of Trustees shall reduce actuarially the allowance payable to  
32 a former member, retiree, or surviving beneficiary of a deceased member, former  
33 member, or retiree.

34 31-116.

35 (a) On or before December 31, [1999] 2002, a participating governmental unit  
36 may elect to provide its employees with the contributory pension benefit under Title  
37 23 of this article as provided in this section by submitting its election on a form  
38 provided by the State Retirement Agency.

1       (b)       (1)       If a participating governmental unit elects to provide its employees  
2 with the contributory pension benefit under Title 23 of this article, an employee of the  
3 participating governmental unit who is a member of the Employees' Pension System  
4 shall be entitled to the benefits as provided in § 23-218 of this article, effective on the  
5 later of July 1, 1998, or the date the employee became a member of the Employees'  
6 Pension System, unless the employee transferred to the Employees' Pension System  
7 after April 1, 1998.

8               (2)       If an employee of a participating governmental unit transferred to  
9 the Employees' Pension System after April 1, 1998, the employee is not subject to  
10 Title 23, Subtitle 2, Part II of this article and is not entitled to the benefits as  
11 provided in § 23-218 of this article.

12       (c)       An election by a participating governmental unit under this section is  
13 irrevocable.

14       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
15 July 1, 2002.