

# SENATE BILL 961

K4

71r3327  
CF HB 990

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By: **Senators Brinkley and Mooney**

Introduced and read first time: February 28, 2007

Assigned to: Rules

Re-referred to: Budget and Taxation, March 2, 2007

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Committee Report: Favorable

Senate action: Adopted

Read second time: March 30, 2007

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Frederick County – Employees’ Pension System – Alternate Contributory**  
3 **Pension Selection**

4 FOR the purpose of allowing the employees of Frederick County who are members of  
5 the Employees’ Pension System to become subject to the Alternate Contributory  
6 Pension Selection that alters the benefits those members receive and requires a  
7 certain member contribution; authorizing the purchase of service credit under  
8 certain circumstances; requiring Frederick County to pay for certain additional  
9 pension liabilities according to a certain amortization schedule approved by the  
10 Board of Trustees for the State Retirement and Pension System; making this  
11 Act subject to a certain contingency; requiring the State Retirement Agency to  
12 verify certain information; and generally relating to participation in the  
13 Alternate Contributory Pension Selection part of the Employees’ Pension  
14 System by certain employees of Frederick County.

15 BY repealing and reenacting, with amendments,  
16 Article – State Personnel and Pensions  
17 Section 21–307(k), 23–221, and 23–307.2  
18 Annotated Code of Maryland  
19 (2004 Replacement Volume and 2006 Supplement)

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### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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

3 **Article – State Personnel and Pensions**

4 21–307.

5 (k) (1) For each employee who is subject to the contributory pension  
6 benefit under Title 23, Subtitle 2, Part II of this article, Frederick County shall pay  
7 the additional liabilities that result from the contributory pension benefit according to  
8 a schedule of amortization that is subject to the approval of the Board of Trustees.

9 **(2) FOR EACH EMPLOYEE WHO IS SUBJECT TO THE ALTERNATE**  
10 **CONTRIBUTORY PENSION SELECTION UNDER TITLE 23, SUBTITLE 2, PART III**  
11 **OF THIS ARTICLE, FREDERICK COUNTY SHALL PAY THE ADDITIONAL**  
12 **LIABILITIES THAT RESULT FROM THE ALTERNATE CONTRIBUTORY PENSION**  
13 **SELECTION ACCORDING TO A SCHEDULE OF AMORTIZATION THAT IS SUBJECT**  
14 **TO THE APPROVAL OF THE BOARD OF TRUSTEES.**

15 23–221.

16 (a) In this section, “active member” means a member who is not separated  
17 from employment with the State or a participating employer of the State.

18 (b) Except as provided in subsection (c) of this section, this part applies to an  
19 individual who on or after June 30, 2006, is:

20 (1) an active member of the Employees’ Pension System or the  
21 Teachers’ Pension System; or

22 (2) a member of the Teachers’ Retirement System or Employees’  
23 Retirement System who is subject to Selection C (Combination Formula) as provided  
24 in § 22–221 of this article.

25 (c) This Part III does not apply to:

26 (1) an employee of a participating governmental unit participating in  
27 the Employees’ Pension System that has not elected to participate in the Alternate  
28 Contributory Pension Selection under § 31–116.1 of this article or a former  
29 participating governmental unit, **OTHER THAN FREDERICK COUNTY**, that has  
30 withdrawn from the Employees’ Pension System; or

1           (2) a member of the Employees' Pension System or the Teachers'  
2 Pension System who transferred from the Employees' Retirement System or the  
3 Teachers' Retirement System after April 1, 1998.

4 23-307.2.

5           (a) This section applies only to a former member, member, retiree, or  
6 surviving beneficiary of the Employees' Pension System who, while a member, was an  
7 employee of Frederick County.

8           (b) Except as provided in subsection [(c)] (D) of this section, a member who  
9 is subject to the contributory pension benefit under Subtitle 2, Part II of this title may  
10 purchase credit for eligibility service for the period of employment from July 1, 1998,  
11 through July 1, 2000, by paying to the Board of Trustees:

12           (1) on or before June 30, 2001, the amount the member would have  
13 been required to contribute for that period of employment; or

14           (2) on or after July 1, 2001, the amount the member would have been  
15 required to contribute for that period of employment plus regular interest compounded  
16 annually.

17           **(C) EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, A**  
18 **MEMBER WHO IS SUBJECT TO THE ALTERNATE CONTRIBUTORY PENSION**  
19 **SELECTION UNDER SUBTITLE 2, PART III OF THIS TITLE MAY PURCHASE**  
20 **CREDIT FOR ELIGIBILITY SERVICE FOR THE PERIOD OF EMPLOYMENT FROM**  
21 **JULY 1, 2006, THROUGH JULY 1, 2007, BY PAYING TO THE BOARD OF**  
22 **TRUSTEES:**

23           **(1) ON OR BEFORE JUNE 30, 2008, THE AMOUNT THE MEMBER**  
24 **WOULD HAVE BEEN REQUIRED TO CONTRIBUTE FOR THAT PERIOD OF**  
25 **EMPLOYMENT; OR**

26           **(2) ON OR AFTER JULY 1, 2008, THE AMOUNT THE MEMBER**  
27 **WOULD HAVE BEEN REQUIRED TO CONTRIBUTE FOR THAT PERIOD OF**  
28 **EMPLOYMENT PLUS REGULAR INTEREST COMPOUNDED ANNUALLY.**

29           [(c)] (D) If the member fails to make the payment as provided under  
30 subsection (b) OR (C) of this section, the Board of Trustees shall reduce actuarially the

1 allowance payable to a former member, retiree, or surviving beneficiary of a deceased  
2 member, former member, or retiree.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
4 July 1, 2007, contingent on approval on or before July 1, 2007, by the Board of County  
5 Commissioners of Frederick County for the participation of the employees of Frederick  
6 County in the Alternate Contributory Pension Selection of the Employees' Pension  
7 System under Title 23, Subtitle 2, Part III of the State Personnel and Pensions Article.  
8 If the Board of County Commissioners of Frederick County does not approve on or  
9 before July 1, 2007, the participation of the employees of Frederick County in the  
10 Alternate Contributory Pension Selection of the Employees' Pension System, this Act,  
11 with no further action required by the General Assembly, shall be null and void and of  
12 no force and effect. On or before July 15, 2007, the State Retirement Agency shall  
13 verify whether the Board of County Commissioners of Frederick County approved on  
14 or before July 1, 2007, the participation of the employees of Frederick County in the  
15 Alternate Contributory Pension Selection of the Employees' Pension System and shall  
16 notify in writing the Department of Legislative Services, 90 State Circle, Annapolis,  
17 Maryland 21401.

Approved:

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Governor.

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President of the Senate.

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Speaker of the House of Delegates.