

## **Chapter 580**

**(Senate Bill 550)**

AN ACT concerning

### **State Retirement and Pension System – Eligible Governmental Units**

FOR the purpose of providing that the effective date of certain eligible governmental units to join the State Retirement and Pension System shall be postponed to a certain date if the Board of Trustees for the State Retirement and Pension System does not receive certain documents on or before a certain date from the eligible governmental unit; making certain technical and clarifying changes to the State Personnel and Pensions Article; deleting certain obsolete provisions in the State Personnel and Pensions Article; defining certain terms; and generally relating to eligible governmental units participating in the State Retirement and Pension System.

BY repealing

Article – State Personnel and Pensions

Section 31–201 through 31–205 and the subtitle “Subtitle 2. Participation in the Local Fire and Police System”

Annotated Code of Maryland

(2009 Replacement Volume and 2009 Supplement)

BY repealing and reenacting, without amendments,

Article – State Personnel and Pensions

Section 31–101(a), 31–2A–01(a), and 31–2B–01(a)

Annotated Code of Maryland

(2009 Replacement Volume and 2009 Supplement)

BY repealing and reenacting, with amendments,

Article – State Personnel and Pensions

Section 31–101(e) and (h), 31–109.1, 31–2A–01(f), 31–2A–03, 31–2A–03.1, 31–2A–05, 31–2B–01(e), 31–2B–03, 31–2B–05, 31–301, 31–302, 31–304, 31–305, and 31–306

Annotated Code of Maryland

(2009 Replacement Volume and 2009 Supplement)

BY adding to

Article – State Personnel and Pensions

Section 31–2A–01(g), 31–2B–01(f), and 31–2B–03.1

Annotated Code of Maryland

(2009 Replacement Volume and 2009 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section(s) 31-201 through 31-205 and the subtitle "Subtitle 2. Participation in the Local Fire and Police System" of Article – State Personnel and Pensions of the Annotated Code of Maryland be repealed.

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

### **Article – State Personnel and Pensions**

31-101.

(a) In this subtitle the following words have the meanings indicated.

(e) (1) "Employee" means [an] A **REGULAR** employee of an eligible governmental unit.

(2) "Employee" includes an officer of an eligible governmental unit.

**(3) "EMPLOYEE" DOES NOT INCLUDE A CONTRACTUAL, EMERGENCY, OR TEMPORARY EXTRA EMPLOYEE.**

(h) "Local pension system" means a retirement or pension system **ESTABLISHED BY THE LEGISLATIVE BODY** of an eligible governmental unit [that exists before participation by the governmental unit in the employees' systems].

31-109.1.

**(A) [The] EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, THE** effective date of participation for an eligible governmental unit is July 1 of the year following the fiscal year in which the eligible governmental unit elects to participate in the Employees' Pension System.

**(B) IF AN ELIGIBLE GOVERNMENTAL UNIT DOES NOT PROVIDE THE BOARD OF TRUSTEES WITH THE NECESSARY DOCUMENTATION TO JOIN THE EMPLOYEES' PENSION SYSTEM ON OR BEFORE THE EFFECTIVE DATE FOR THE ELIGIBLE GOVERNMENTAL UNIT, THE EFFECTIVE DATE SHALL BE POSTPONED UNTIL JULY 1 OF THE SECOND YEAR FOLLOWING THE FISCAL YEAR IN WHICH THE ELIGIBLE GOVERNMENTAL UNIT ELECTS TO PARTICIPATE IN THE EMPLOYEES' PENSION SYSTEM.**

31-2A-01.

(a) In this subtitle the following words have the meanings indicated.

(f) [1] “Local pension system” means a retirement or pension system **ESTABLISHED BY THE LEGISLATIVE BODY** of an eligible governmental unit.

[2] “Local pension system” includes the Employees’ Retirement System and the Employees’ Pension System if the eligible governmental unit participates under Subtitle 1 of this title.]

**(G) “STATE SYSTEM” HAS THE MEANING STATED IN § 20-101(PP) OF THIS ARTICLE.**

31-2A-03.

(a) If at least 60% of the law enforcement officers of an eligible governmental unit who are members of a local pension system **OR STATE SYSTEM** petition to become members of the Law Enforcement Officers’ Pension System, the legislative body of the eligible governmental unit may approve the participation of these law enforcement officers in the Law Enforcement Officers’ Pension System as though the local pension system were not in operation.

(b) If at least 60% of the firefighters and paramedics employed by the Salisbury Fire Department petition to become members of the Law Enforcement Officers’ Pension System, the legislative body of the City of Salisbury, as an eligible governmental unit, may approve the participation of these firefighters and paramedics in the Law Enforcement Officers’ Pension System.

(c) If at least 60% of the firefighters of an eligible governmental unit who are members of a local pension system **OR STATE SYSTEM** petition to become members of the Law Enforcement Officers’ Pension System, the legislative body of the eligible governmental unit may approve the participation of these firefighters in the Law Enforcement Officers’ Pension System as though the local pension system were not in operation.

31-2A-03.1.

**(A) [The] EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, THE** effective date of participation for an eligible governmental unit is July 1 of the year following the fiscal year in which the eligible governmental unit elects to participate in the Law Enforcement Officers’ Pension System.

**(B) IF AN ELIGIBLE GOVERNMENTAL UNIT DOES NOT PROVIDE THE BOARD OF TRUSTEES WITH THE NECESSARY DOCUMENTATION TO JOIN THE LAW ENFORCEMENT OFFICERS’ PENSION SYSTEM ON OR BEFORE THE EFFECTIVE DATE FOR THE ELIGIBLE GOVERNMENTAL UNIT, THE EFFECTIVE DATE SHALL BE POSTPONED UNTIL JULY 1 OF THE SECOND YEAR FOLLOWING**

**THE FISCAL YEAR IN WHICH THE ELIGIBLE GOVERNMENTAL UNIT ELECTS TO PARTICIPATE IN THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM.**

31-2A-05.

(a) If an eligible governmental unit approves participation in the Law Enforcement Officers' Pension System, the operation of the local pension system **OR STATE SYSTEM** with respect to the law enforcement officers, firefighters, or paramedics terminates on the effective date.

(b) (1) On the effective date:

(i) the assets to the credit of the local pension system **OR STATE SYSTEM** that relate to the law enforcement officers, firefighters, or paramedics who elect to become members shall be transferred to the Law Enforcement Officers' Pension System; and

(ii) the trustee or other administrative head of the local pension system **OR STATE SYSTEM** shall certify the proportion of the funds of the local pension system **OR STATE SYSTEM** that represents the accumulated contributions of the members as of that date.

(2) The accumulated contributions shall be credited to the respective annuity savings accounts of the members in the Law Enforcement Officers' Pension System.

(3) The balance of the funds transferred to the Law Enforcement Officers' Pension System shall be offset against the special accrued liability to be funded by the participating governmental unit as provided by § 21-306.1(d) of this article.

31-2B-01.

(a) In this subtitle the following words have the meanings indicated.

(e) [(1)] "Local pension system" means a retirement or pension system **ESTABLISHED BY THE LEGISLATIVE BODY** of an eligible governmental unit.

[(2) "Local pension system" includes the Employees' Retirement System and the Employees' Pension System if the eligible governmental unit participates under Subtitle 1 of this title.]

**(F) "STATE SYSTEM" HAS THE MEANING STATED IN § 20-101(PP) OF THIS ARTICLE.**

31-2B-03.

If at least 60% of the local detention center officers of an eligible governmental unit who are members of a local pension system **OR STATE SYSTEM** petition to become members of the Correctional Officers' Retirement System, the legislative body of the eligible governmental unit may approve the participation of these local detention center officers in the Correctional Officers' Retirement System as though the local pension system were not in operation.

**31-2B-03.1.**

**(A) EXCEPT AS PROVIDED IN SUBSECTION (B) OF THIS SECTION, THE EFFECTIVE DATE OF PARTICIPATION FOR AN ELIGIBLE GOVERNMENTAL UNIT IS JULY 1 OF THE YEAR FOLLOWING THE FISCAL YEAR IN WHICH THE ELIGIBLE GOVERNMENTAL UNIT ELECTS TO PARTICIPATE IN THE CORRECTIONAL OFFICERS' RETIREMENT SYSTEM.**

**(B) IF AN ELIGIBLE GOVERNMENTAL UNIT DOES NOT PROVIDE THE BOARD OF TRUSTEES WITH THE NECESSARY DOCUMENTATION TO JOIN THE CORRECTIONAL OFFICERS' RETIREMENT SYSTEM ON OR BEFORE THE EFFECTIVE DATE FOR THE ELIGIBLE GOVERNMENTAL UNIT, THE EFFECTIVE DATE SHALL BE POSTPONED UNTIL JULY 1 OF THE SECOND YEAR FOLLOWING THE FISCAL YEAR IN WHICH THE ELIGIBLE GOVERNMENTAL UNIT ELECTS TO PARTICIPATE IN THE CORRECTIONAL OFFICERS' RETIREMENT SYSTEM.**

31-2B-05.

(a) If an eligible governmental unit approves participation in the Correctional Officers' Retirement System, the operation of the local pension system **OR STATE SYSTEM** with respect to the local detention center officers terminates on the effective date.

(b) (1) On the effective date:

(i) the assets to the credit of the local pension system **OR STATE SYSTEM** that relate to the local detention center officers who elect to become members shall be transferred to the Correctional Officers' Retirement System; and

(ii) the trustee or other administrative head of the local pension system **OR STATE SYSTEM** shall certify the proportion of the funds of the local pension system that represents the accumulated contributions of the members as of that date.

(2) The accumulated contributions shall be credited to the respective annuity savings accounts of the members in the Correctional Officers' Retirement System.

(3) The balance of the funds transferred to the Correctional Officers' Retirement System shall be offset against the special accrued liability to be funded by the participating governmental unit as provided by § 21-306.1(d) of this article.

31-301.

- (a) In this subtitle the following words have the meanings indicated.
- (b) "Employees' system" has the meaning stated in § 31-101 of this title.
- (c) "Legislative body" has the meaning stated in § 31-101 of this title.

(d) [(1)] "Local pension system" means a retirement or pension system **ESTABLISHED BY THE LEGISLATIVE BODY** of an eligible governmental unit.

[(2) "Local pension system" includes the Employees' Retirement System, Employees' Pension System, Law Enforcement Officers' Pension System, or Correctional Officers' Retirement System if the eligible governmental unit participates under this title.]

**(E) "STATE SYSTEM" HAS THE MEANING STATED IN § 20-101(PP) OF THIS ARTICLE.**

[(e)] (F) "Withdrawal date" means the date that a withdrawal by a participating governmental unit from [the employees' systems, the Local Fire and Police System, the Law Enforcement Officers' Pension System, or the Correctional Officers' Retirement System] **A STATE SYSTEM** takes effect.

31-302.

[(a)] The legislative body of a participating governmental unit may withdraw from participation in [the employees' systems] **A STATE SYSTEM** and transfer to a local pension system **OR ANOTHER STATE SYSTEM** any of the following groups of employees of the governmental unit who consent to the withdrawal, **AND WHO QUALIFY FOR MEMBERSHIP IN THE STATE SYSTEM OR LOCAL PENSION SYSTEM:**

- (1) all employees of the participating governmental unit;
- (2) fire fighters;
- (3) law enforcement personnel; [or]

**(4) DETENTION CENTER OFFICERS; OR**

**[(4)] (5)** subject to the approval of the Board of Trustees, a homogeneous unit of at least 10 employees.

(b) The legislative body of a participating governmental unit may withdraw from participation in the Local Fire and Police System and shall transfer to a local pension system all employees of the participating governmental unit.

(c) The legislative body of a participating governmental unit may withdraw from participation in the Law Enforcement Officers' Pension System and transfer to a local pension system the law enforcement officers of the participating governmental unit who consent to the withdrawal.

(d) The legislative body of a participating governmental unit may withdraw from participation in the Correctional Officers' Retirement System and transfer to a local pension system the detention center officers of the participating governmental unit who consent to the withdrawal.]

31-304.

If a participating governmental unit withdraws from [the employees' systems, the Local Fire and Police System, the Law Enforcement Officers' Pension System, or the Correctional Officers' Retirement System] **A STATE SYSTEM**, the accumulated contributions of the withdrawn employees shall be transferred on the withdrawal date to the administrative board of the local pension system **OR NEW STATE SYSTEM** and credited to the account of those employees.

31-305.

(a) As of the effective date of withdrawal of a participating governmental unit, the Board of Trustees shall transfer to the administrative board of the local pension system **OR NEW STATE SYSTEM** the portion of the assets that are allocable to the withdrawn employees as determined under § 21-305.5, § 21-305.6, § 21-306, § 21-306.1, or § 26-306.2 of this article.

(b) The administrative board of the local pension system **OR NEW STATE SYSTEM** shall hold the transferred assets in trust to provide retirement benefits for the withdrawn employees.

31-306.

A participating governmental unit shall pay all administrative costs involved in the withdrawal or reentry if the participating governmental unit:

(1) withdraws **ALL OR SOME OF** its employees from [the employees' systems, Local Fire and Police System, Law Enforcement Officers' Pension System, or the Correctional Officers' Retirement System] **A STATE SYSTEM**; or

(2) elects to participate in [the employees' systems, Local Fire and Police System, Law Enforcement Officers' Pension System, or the Correctional Officers' Retirement System] **A STATE SYSTEM** for employees who were previously withdrawn.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2010.

**Approved by the Governor, May 20, 2010.**