

HOUSE BILL 971

L6, E4

8lr0502

By: **Delegates Lisanti, Brooks, Carey, Fennell, Jackson, K. Young, and P. Young**
Introduced and read first time: February 5, 2018
Assigned to: Appropriations

A BILL ENTITLED

1 AN ACT concerning

2 **Local Pension Systems – Special Disability Retirement Allowance**

3 FOR the purpose of requiring that the appropriate authority of a local pension system grant
4 a special disability retirement allowance to certain members under certain
5 circumstances; providing for the calculation of a special disability retirement
6 allowance; exempting the appropriate authority of a local pension system from the
7 requirements of this Act under certain circumstances; providing for the application
8 of this Act; requiring a local pension system, on or before a certain date, to notify
9 certain participants affected by this Act of their right to an adjusted benefit; defining
10 certain terms; and generally relating to local pension systems and special disability
11 retirement allowances.

12 BY adding to

13 Article – State Personnel and Pensions
14 Section 40–102
15 Annotated Code of Maryland
16 (2015 Replacement Volume and 2017 Supplement)

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

19 **Article – State Personnel and Pensions**

20 **40–102.**

21 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**
22 **INDICATED.**

23 **(2) “ACCUMULATED CONTRIBUTIONS” MEANS THE AMOUNTS**
24 **CREDITED TO A MEMBER’S INDIVIDUAL ACCOUNT IN A LOCAL PENSION SYSTEM,**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 INCLUDING INTEREST.

2 (3) "ALLOWANCE" MEANS A BENEFIT THAT IS PAYABLE IN EQUAL
3 MONTHLY INSTALLMENTS FOR THE LIFE OF THE RECIPIENT, EXCEPT AS OTHERWISE
4 PROVIDED FOR UNDER A LOCAL PENSION SYSTEM.

5 (4) "ALTERNATIVE SUITABLE EMPLOYMENT" MEANS EMPLOYMENT
6 THAT HAS SUBSTANTIALLY SIMILAR PAY, BENEFITS, AND ADVANCEMENT
7 OPPORTUNITIES AS THE POSITION THAT THE MEMBER HELD WHEN THE
8 APPROPRIATE AUTHORITY OF A LOCAL PENSION SYSTEM DETERMINED THAT THE
9 MEMBER WAS ELIGIBLE FOR THE GRANT OF A SPECIAL DISABILITY RETIREMENT
10 ALLOWANCE UNDER SUBSECTION (C) OF THIS SECTION.

11 (5) "ANNUITY" MEANS THE PART OF AN ALLOWANCE THAT IS
12 DERIVED FROM THE ACCUMULATED CONTRIBUTIONS OF A MEMBER.

13 (6) "AVERAGE FINAL COMPENSATION" MEANS THE AVERAGE ANNUAL
14 EARNABLE COMPENSATION THAT IS COMPUTED UNDER THE RULES OF A LOCAL
15 PENSION SYSTEM.

16 (7) "EARNABLE COMPENSATION" MEANS ONE-TWELFTH OF THE
17 MEMBER'S ANNUAL SALARY RATE PAYABLE FOR WORKING THE NORMAL TIME IN THE
18 MEMBER'S POSITION, INCLUDING THE FOLLOWING, IF APPLICABLE:

19 (I) THE EMPLOYER PICKUP CONTRIBUTION; OR

20 (II) A CONTRIBUTION MADE UNDER A SALARY REDUCTION OR
21 SUPPLEMENTAL RETIREMENT PLAN.

22 (8) "INTEREST" MEANS INTEREST AT THE RATE PAYABLE ON
23 ACCUMULATED CONTRIBUTIONS AS PROVIDED UNDER THE RULES OF THE LOCAL
24 PENSION SYSTEM.

25 (9) "LOCAL GOVERNMENT" MEANS ANY COUNTY OR MUNICIPAL
26 CORPORATION OF THE STATE.

27 (10) "LOCAL PENSION SYSTEM" MEANS A RETIREMENT OR PENSION
28 PLAN OR SYSTEM ESTABLISHED BY THE LEGISLATIVE BODY OF A UNIT OF LOCAL
29 GOVERNMENT THAT MAY ESTABLISH A QUALIFIED PLAN UNDER § 401(A) OF THE
30 INTERNAL REVENUE CODE AND PROVIDES A DEFINED BENEFIT TO ITS
31 PARTICIPANTS.

32 (11) "MEMBER" MEANS AN INDIVIDUAL WHO:

1 (I) IS EMPLOYED IN A LAW ENFORCEMENT, PUBLIC SAFETY, OR
2 EMERGENCY RESPONSE POSITION; AND

3 (II) 1. IS A MEMBER OF A LOCAL PENSION SYSTEM AS A
4 CONDITION OF EMPLOYMENT; OR

5 2. HAS ELECTED TO BECOME A MEMBER OF A LOCAL
6 PENSION SYSTEM.

7 (12) “NORMAL RETIREMENT AGE” MEANS THE AGE AT WHICH A
8 MEMBER IS ELIGIBLE TO RETIRE WITH A NORMAL SERVICE RETIREMENT
9 ALLOWANCE AS PROVIDED UNDER THE RULES OF THE LOCAL PENSION SYSTEM.

10 (13) “PARTICIPANT” MEANS A BENEFICIARY, DESIGNATED
11 BENEFICIARY, FORMER MEMBER, MEMBER, OR RETIREE WHO IS OR MAY BECOME
12 ELIGIBLE TO RECEIVE A BENEFIT AT ANY TIME UNDER A LOCAL PENSION SYSTEM.

13 (14) “PENSION” MEANS THE PART OF AN ALLOWANCE THAT IS
14 DERIVED FROM EMPLOYER CONTRIBUTIONS.

15 (B) THIS SECTION APPLIES TO A LOCAL PENSION SYSTEM.

16 (C) EXCEPT AS PROVIDED IN SUBSECTION (F) OF THIS SECTION, THE
17 APPROPRIATE AUTHORITY OF A LOCAL PENSION SYSTEM SHALL GRANT A SPECIAL
18 DISABILITY RETIREMENT ALLOWANCE TO A MEMBER IF:

19 (1) THE MEMBER IS TOTALLY AND PERMANENTLY INCAPACITATED
20 FOR DUTY ARISING OUT OF OR IN THE COURSE OF THE ACTUAL PERFORMANCE OF
21 DUTY WITHOUT WILLFUL NEGLIGENCE BY THE MEMBER; AND

22 (2) A PHYSICIAN OR MEDICAL BOARD CERTIFIES THAT:

23 (I) THE MEMBER IS TOTALLY INCAPACITATED, EITHER
24 MENTALLY OR PHYSICALLY, FOR THE FURTHER PERFORMANCE OF DUTY;

25 (II) THE INCAPACITY IS LIKELY TO BE PERMANENT; AND

26 (III) THE MEMBER SHOULD BE RETIRED.

27 (D) EXCEPT AS PROVIDED IN SUBSECTION (E) OF THIS SECTION, A SPECIAL
28 DISABILITY RETIREMENT ALLOWANCE EQUALS THE LESSER OF:

1 **(1) THE MEMBER'S AVERAGE FINAL COMPENSATION; OR**

2 **(2) THE SUM OF:**

3 **(I) AN ANNUITY THAT IS THE ACTUARIAL EQUIVALENT OF THE**
4 **MEMBER'S ACCUMULATED CONTRIBUTIONS AT RETIREMENT; AND**

5 **(II) A PENSION EQUAL TO TWO-THIRDS OF THE MEMBER'S**
6 **AVERAGE FINAL COMPENSATION.**

7 **(E) (1) THIS SUBSECTION APPLIES TO A MEMBER WHO IS AT LEAST**
8 **NORMAL RETIREMENT AGE.**

9 **(2) A SPECIAL DISABILITY RETIREMENT ALLOWANCE EQUALS THE**
10 **GREATER OF:**

11 **(I) A NORMAL SERVICE RETIREMENT ALLOWANCE; OR**

12 **(II) A SPECIAL DISABILITY RETIREMENT ALLOWANCE**
13 **COMPUTED IN ACCORDANCE WITH SUBSECTION (D) OF THIS SECTION.**

14 **(F) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE**
15 **APPROPRIATE AUTHORITY OF A LOCAL PENSION SYSTEM IS EXEMPTED FROM THE**
16 **REQUIREMENTS OF SUBSECTION (C) OF THIS SECTION IF THE LOCAL GOVERNMENT:**

17 **(I) PROVIDES THE MEMBER WITH ALTERNATIVE SUITABLE**
18 **EMPLOYMENT; AND**

19 **(II) PAYS FOR THE TRAINING OR RETRAINING OF THE MEMBER.**

20 **(2) IN DETERMINING WHETHER A POSITION IS CONSIDERED**
21 **ALTERNATIVE SUITABLE EMPLOYMENT, THE APPROPRIATE AUTHORITY OF A LOCAL**
22 **PENSION SYSTEM AND THE LOCAL GOVERNMENT SHALL CONSIDER THE NATURE**
23 **AND EXTENT OF THE INCAPACITY OF THE MEMBER.**

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to
25 apply retroactively and shall be applied to and interpreted to affect a member or former
26 member of a local pension system who was injured in the line of duty on or after July 1,
27 2015.

28 SECTION 3. AND BE IT FURTHER ENACTED, That, on or before October 1, 2018,
29 a local pension system shall notify the participants who are affected by this Act of their
30 right to an adjusted benefit in accordance with this Act.

1 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July
2 1, 2018.