Q3, K4

(8lr0147)

ENROLLED BILL

- Budget and Taxation/Appropriations -

Introduced by The President (By Request – Administration) and Senators Bates, Cassilly, Eckardt, Edwards, Hershey, Hough, Jennings, Klausmeier, Mathias, Ready, Reilly, Salling, Serafini, and Simonaire Simonaire, DeGrange, Guzzone, Manno, McFadden, and Peters

Read and Examined by Proofreaders:

											Proofre	ader.
											Proofre	ader.
Sealed	with	the	Great	Seal	and	presented	to	the	Governor,	for his	approval	this
	_ day	of				at				o'clocl	k,	M.
											Presi	dent.

CHAPTER _____

1 AN ACT concerning

2Income Tax Subtraction Modification - Correctional Officers3(Hometown Heroes Act of 2018)4Correctional Officers' Retirement System - Membership

 $\mathbf{5}$ FOR the purpose of including certain individuals employed by the Department of Juvenile 6 Services and the Department of Public Safety and Correctional Services in the 7 membership of the Correctional Officers' Retirement System; providing a subtraction 8 modification under the Marvland income tax under certain circumstances for a 9 certain amount of retirement income attributable to an individual's employment as 10 a correctional officer; providing for the application of certain provisions of this Act; requiring the State Retirement Agency, on or before a certain date, to notify certain 11 12individuals affected by this Act of their rights to transfer certain service credit to the

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.

Italics indicate opposite chamber/conference committee amendments.



$ \begin{array}{c} 1 \\ 2 \\ 3 \\ 4 \\ 5 \\ 6 \\ 7 \end{array} $	Correctional Officers' Retirement System; defining a certain term; and generally relating to a subtraction modification for retired correctional officers. requiring a certain transfer and combination of certain service credit for certain individuals; requiring the Board of Trustees for the State Retirement and Pension System to calculate a certain disability benefit for certain individuals and to grant a certain benefit under certain circumstances; and generally relating to membership in the Correctional Officers' Retirement System.
8	BY repealing and reenacting, with amendments,
9	Article – State Personnel and Pensions
10	Section 25–201 and 25–401
$\frac{11}{12}$	Annotated Code of Maryland (2015 Replacement Volume and 2017 Supplement)
13	BY repealing and reenacting, with amendments,
14	Article – Tax – General
15	Section 10-209
$\frac{16}{17}$	Annotated Code of Maryland (2016 Replacement Volume and 2017 Supplement)
18 19	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:
20	Article – State Personnel and Pensions
21	25-201.
$\begin{array}{c} 22\\ 23 \end{array}$	(a) Except as provided in subsection (b) of this section, this subtitle applies only to:
24	(1) correctional officers serving in any of the first six job classifications;
25	(2) security attendants at Clifton T. Perkins Hospital Center;
26 27 28	(3) a detention center officer employed by a participating governmental unit that on or after July 1, 2006, has elected to participate in the Correctional Officers' Retirement System;
29 30	(4) an individual serving as a correctional dietary, maintenance, laundry, or supply officer;
$\frac{31}{32}$	(5) an individual serving as a Maryland Correctional Enterprises officer, officer trainee, plant supervisor, plant manager, or regional manager;
33 34	(6) a correctional officer serving as a security chief, a facility administrator, an assistant warden, or a warden who:

 $\mathbf{2}$

1	((i)	begin	s employment in that position on or after July 1, 2014; or
$\frac{2}{3}$		(ii) Office		ving in that position on June 30, 2014, and elects to transfer irement System from:
4 5	2014; or		1.	the Employees' Pension System on or before December 31,
6 7	31, 2015;		2.	the Employees' Retirement System on or before December
8 9				al serving as a correctional case management specialist, ter July 1, 2016; [and]
10 11				al serving as a parole and probation agent, supervisor, or er July 1, 2017; [and]
12 13	. ,			al serving as a Department of Public Safety and in one of the following positions on or after July 1, 2017:
14	((i)	an alc	ohol and drug:
$\begin{array}{c} 15\\ 16\end{array}$	or counselor supervi	sor;	1.	associate counselor, counselor lead, counselor provisional,
17 18	supervisor; or		2.	professional counselor, counselor provisional, or counselor
19			3.	supervised counselor or counselor provisional;
$\begin{array}{c} 20\\ 21 \end{array}$				ntal health professional counselor, graduate professional r advanced, or professional supervisor;
$\begin{array}{c} 22\\ 23 \end{array}$	(a	(iii)	a psy	chologist, psychology associate, or psychology associate
$\begin{array}{c} 24 \\ 25 \end{array}$	() supervisor, or social	(iv) work		cial worker, social worker advanced, social worker nal supervisor; or
26	((v)	a recr	eation officer or supervisor; AND
$27 \\ 28 \\ 29$				DUAL SERVING AS A DEPARTMENT OF JUVENILE OF THE FOLLOWING POSITIONS ON OR AFTER JULY 1,

	4		SENATE BILL 299
$\frac{1}{2}$	TRAINEE;	(I)	AN ADVISOR LEAD, ADVISOR SUPERVISOR, OR ADVISOR
3		(II)	A COOK OR A FOOD SERVICE WORKER;
4 5			A MAINTENANCE ASSISTANT, MAINTENANCE CHIEF, VIC, OR MAINTENANCE SUPERVISOR; OR
$6 \\ 7$			A RESIDENT ADVISOR OR RESIDENT ADVISOR TEAM LEAD <u>A</u> N OFFICER OR COMMUNITY DETENTION SUPERVISOR;
8 9 10	TRANSPORTATION	OFF	A YOUTH TRANSPORTATION OFFICER, YOUTH ICER LEAD, YOUTH TRANSPORTATION OFFICER SUPERVISOR, ATION OFFICER TRAINEE; OR
$\begin{array}{c} 11 \\ 12 \end{array}$			<u>A RESIDENT ADVISOR, RESIDENT ADVISOR LEAD, RESIDENT</u> OR RESIDENT ADVISOR TRAINEE; <u>OR</u>
13		<u>(IV)</u>	A YOUTH RECREATION SPECIALIST; AND
$\begin{array}{c} 14\\ 15\\ 16\end{array}$		IAL S	IDIVIDUAL SERVING AS A DEPARTMENT OF PUBLIC SAFETY ERVICES EMPLOYEE IN ONE OF THE FOLLOWING POSITIONS 018:
17 18	ADMINISTRATOR;	<u>(I)</u>	A PAROLE AND PROBATION ASSISTANT REGIONAL
19		<u>(II)</u>	<u>A PSYCHOLOGY SERVICES CHIEF;</u>
20		<u>(III)</u>	A CORRECTIONAL MAINTENANCE OFFICER SUPERVISOR;
21		<u>(IV)</u>	A CORRECTIONAL MAINTENANCE OFFICER MANAGER;
22		<u>(V)</u>	A CORRECTIONAL MAINTENANCE SERVICES OFFICER;
$\begin{array}{c} 23\\ 24 \end{array}$	OR	<u>(VI)</u>	A CORRECTIONAL MAINTENANCE SERVICES SUPERVISOR;
25		<u>(VII)</u>	A CORRECTIONAL MAINTENANCE SERVICES MANAGER.
26	(b) This su	ubtitle	e does not apply to:
27	(1)	an em	ployee of the Baltimore City Jail as of June 30, 1991, who:

$\frac{1}{2}$	July 1, 1991; and	(i)	becar	ne an employee of the Baltimore City Detention Center on
$\frac{3}{4}$	Retirement Syster	(ii) n on tl		ot elect to become a member of the Correctional Officers' e;
5 6 7 8	1, 2006, who did	ention not ele	center ect to k	center officer employed by a participating governmental officer on the effective date of participation on or after July become a member of the Correctional Officers' Retirement effective date of participation; or
9 10 11		en, or	a waro	al officer serving as a security chief, a facility administrator, den who is in that position on June 30, 2014, and does not o the Correctional Officers' Retirement System from:
$\begin{array}{c} 12\\ 13 \end{array}$	or	(i)	the E	Employees' Pension System on or before December 31, 2014;
$\begin{array}{c} 14 \\ 15 \end{array}$	2015.	(ii)	the H	Employees' Retirement System on or before December 31,
16	25-401.			
17	(a) A me	mber	may re	tire with a normal service retirement allowance if:
18	(1)	on or	before	the date of retirement, the member:
19		(i)	has a	t least 20 years of eligibility service;
$\begin{array}{c} 20\\ 21 \end{array}$	or manager on or l	(ii) before	1. June 3	is a correctional case management specialist, supervisor, 0, 2016;
$\begin{array}{c} 22\\ 23 \end{array}$	and		2.	is vested in the Correctional Officers' Retirement System;
$\begin{array}{c} 24 \\ 25 \end{array}$	service from:		3.	has a combined total of at least 20 years of eligibility
$\begin{array}{c} 26 \\ 27 \end{array}$	Employees' Retire	ment \$	A. System	the Correctional Officers' Retirement System and the ; or
$\begin{array}{c} 28\\ 29 \end{array}$	Employees' Pensic	on Syst	B. tem;	the Correctional Officers' Retirement System and the

	6 SENATE BILL 299
$\frac{1}{2}$	A. § 25–201(a)(8) or (9) of this title on or before June 30, 2017; OR
$\frac{3}{4}$	B. <u>§ 25-201(A)(10)</u> § 25-201(A)(10) OR (11) OF THIS TITLE ON OR BEFORE JUNE 30, 2018;
$5 \\ 6$	2. is vested in the Correctional Officers' Retirement System; and
7 8	3. has a combined total of at least 20 years of eligibility service from:
9 10	A. the Correctional Officers' Retirement System and the Employees' Retirement System; or
$\begin{array}{c} 11 \\ 12 \end{array}$	B. the Correctional Officers' Retirement System and the Employees' Pension System; or
13	(iv) is at least 55 years old and has:
$\begin{array}{c} 14 \\ 15 \end{array}$	1. at least 5 years of eligibility service credit, if the member is a member on or before June 30, 2011; or
$\begin{array}{c} 16 \\ 17 \end{array}$	2. at least 10 years of eligibility service credit, if the member becomes a member on or after July 1, 2011; and
$\begin{array}{c} 18\\19\end{array}$	(2) the member completes and submits a written application to the Board of Trustees stating the date when the member desires to retire.
20 21 22	(b) On retirement under this section, a member is entitled to receive a normal service retirement allowance that equals one fifty-fifth of the member's average final compensation multiplied by the number of years of creditable service.
23	(c) (1) This subsection applies only to:
$\begin{array}{c} 24\\ 25\\ 26\end{array}$	(i) a correctional case management specialist, supervisor, or manager who has a combined total of 20 years of eligibility service as provided in subsection (a)(1)(ii) of this section; or
27 28 29	(ii) a member serving in a position specified in § $25-201(a)(8)$, [or] (9), OR (10), <u>OR (11)</u> of this title who has a combined total of 20 years of eligibility service as provided in subsection (a)(1)(iii) of this section.
$30 \\ 31 \\ 32$	(2) A member is entitled to receive a normal service retirement allowance that equals an allowance based on the creditable service the member has in the Correctional Officers' Retirement System.

1	SECTION 2.	AND BE	IT FURTHER ENACTED, That the Laws of Maryland read
2	as follows:		
3			Article – Tax – General
4	10–209.		
5	(a) (1)]	n this see	ction the following words have the meanings indicated.
6	(2)	CORREC	CTIONAL OFFICER" INCLUDES:
7	(]) A	RETIREE OF THE CORRECTIONAL OFFICERS'
8	RETIREMENT SYS		DEFINED IN § 25-201 OF THE STATE PERSONNEL AND
9	PENSIONS ARTICL	,	
-			
10	+		DETENTION CENTER OFFICER EMPLOYED BY A
11	PARTICIPATING G		
12	WHO IS NOT A RET	IREE OF	THE CORRECTIONAL OFFICERS' RETIREMENT SYSTEM;
13	AND		
10			
14	4		SECURITY CHIEF, A FACILITY ADMINISTRATOR, AN
15			A WARDEN WHO IS A RETIREE OF THE EMPLOYEES'
16		/	Employees' Retirement System.
10			
17	[(2)] (3) <u>"E</u>	nergency services personnel" means emergency medical
18	technicians or parar		hergeney berviceb perbonner means emergency mearcar
10	teenmerans or paral	liculos.	
19	[(3)] (4) (i)	"Employee retirement system" means a plan:
20		1.	established and maintained by an employer for the benefit
$\overline{21}$	of its employees; and		
	or 100 omproj 000, am	-	
22		<u>9</u>	qualified under § 401(a), § 403, or § 457(b) of the Internal
23	Revenue Code.		
24	€	ii) "Er	nployee retirement system" does not include:
25		1.	an individual retirement account or annuity under § 408
26	of the Internal Reve		
_0			,
27		2.	a Roth individual retirement account under § 408A of the
$\frac{-}{28}$	Internal Revenue Co		
-		- /	
29		3.	a rollover individual retirement account;

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1	4. a simplified employee pension under Internal Revenue
2	Code § 408(k); or
3	5. an ineligible deferred compensation plan under § 457(f) of
4	the Internal Revenue Code.
5	(b) Subject to subsections (d) and (e) of this section, to determine Maryland
6	adjusted gross income, if, on the last day of the taxable year, a resident is at least 65 years
7	old or is totally disabled or the resident's spouse is totally disabled, or the resident fis at
8	least 55 years old and]-is a retired CORRECTIONAL OFFICER, law enforcement officer, or
9	fire, rescue, or emergency services personnel of the United States, the State, or a political
10	subdivision of the State, an amount is subtracted from federal adjusted gross income equal
11	to the lesser of:
12	(1) the cumulative or total annuity, pension, or endowment income from an
13	employee retirement system included in federal adjusted gross income; or
14	(9) the merimum equal base fit and by the Gapiel Gaussite Astronomy d
14	(2) the maximum annual benefit under the Social Security Act computed
15 10	under subsection (c) of this section, less any payment received as old age, survivors, or
16	disability benefits under the Social Security Act, the Railroad Retirement Act, or both.
17	(c) For purposes of subsection (b)(2) of this section, the Comptroller:
18	(1) shall determine the maximum annual benefit under the Social Security
19	Act allowed for an individual who retired at age 65 for the prior calendar year; and
90	(2) $\frac{1}{2}$
20	(2) may allow the subtraction to the nearest \$100.
21	(d) Military retirement income that is included in the subtraction under §
22	10-207(q) of this subtitle may not be taken into account for purposes of the subtraction
$\overline{23}$	under this section.
~ (
24	(e) In the case of a retired CORRECTIONAL OFFICER, law enforcement officer,
25	or fire, rescue, or emergency services personnel of the United States, the State, or a political
26	subdivision of the State, the amount included under subsection (b)(1) of this section [is]:
27	(1) FOR THE TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2017,
28	BUT BEFORE JANUARY 1, 2019, MAY BE SUBTRACTED ONLY IF THE RESIDENT IS AT
$\frac{20}{29}$	LEAST 55 YEARS OLD ON THE LAST DAY OF THE TAXABLE YEAR AND IS limited to the
$\frac{29}{30}$	first \$15,000 of retirement income that is attributable to the resident's employment as a
31	CORRECTIONAL OFFICER, law enforcement officer, or fire, rescue, or emergency services
$\frac{31}{32}$	
JZ	personnel of the United States, the State, or a political subdivision of the State [unless:];
33	(2) FOR THE TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2018,
34	BUT BEFORE JANUARY 1, 2020, MAY BE SUBTRACTED ONLY IF THE RESIDENT IS AT

35 LEAST 50 YEARS OLD ON THE LAST DAY OF THE TAXABLE YEAR AND IS LIMITED TO

1	50% OF THE RETIREMENT INCOME THAT IS ATTRIBUTABLE TO THE RESIDENT'S
2	EMPLOYMENT AS A CORRECTIONAL OFFICER, LAW ENFORCEMENT OFFICER, OR
3	FIRE, RESCUE, OR EMERGENCY SERVICES PERSONNEL OF THE UNITED STATES, THE
4	STATE, OR A POLITICAL SUBDIVISION OF THE STATE; AND
5	(3) FOR ANY TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2019,
6	MAY BE SUBTRACTED ONLY IF THE RESIDENT IS AT LEAST 50 YEARS OLD ON THE
7	LAST DAY OF THE TAXABLE YEAR AND INCLUDES ALL OF THE RETIREMENT INCOME
8	THAT IS ATTRIBUTABLE TO THE RESIDENT'S EMPLOYMENT AS A CORRECTIONAL
9	OFFICER, LAW ENFORCEMENT OFFICER, OR FIRE, RESCUE, OR EMERGENCY
10	SERVICES PERSONNEL OF THE UNITED STATES, THE STATE, OR A POLITICAL \sim
11	SUBDIVISION OF THE STATE.
12	(F) THE LIMITATIONS SET FORTH IN SUBSECTION (E) OF THIS SECTION DO
12	NOT APPLY IF:
10	
14	(1) the resident is at least 65 years old or is totally disabled; or
15	(2) the resident's spouse is totally disabled.
16	SECTION 3. 2. AND BE IT FURTHER ENACTED, That, on or before October 1.
17	2018 January 1, 2019, the State Retirement Agency shall notify the individuals who are
18	affected by this Act of their right to transfer service credit from the Employees' Retirement
19	System or the Employees' Pension System to the Correctional Officers' Retirement System.
20	SECTION 4. <u>3.</u> AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
21	be applicable to all taxable years beginning after December 31, 2017 § 37–203(f)(3) of the
22	State Personnel and Pensions Article does not apply to an individual who transfers service
23	credit to the Correctional Officers' Retirement System under Title 37 of the State Personnel
24	and Pensions Article in accordance with this Act, Chapters 218 or 219 of the Acts of the
25 96	General Assembly of 2016, or Chapters 688, 689, or 690 of the Acts of the General Assembly
26	<u>of 2017.</u>
27	SECTION 4. AND BE IT FURTHER ENACTED, That:
28	(a) This section applies to an individual who:
29	(1) is employed in a position:
20	
30	(i) affected by this Act on July 1, 2018;
31	(ii) affected by Chapters 218 or 219 of the Acts of the General
32	Assembly of 2016 and has not transferred service credit from the Employees' Pension
33	System to the Correctional Officers' Retirement System; or

$egin{array}{c} 1 \\ 2 \\ 3 \end{array}$	(iii) affected by Chapters 688, 689, or 690 of the Acts of the General Assembly of 2017 and has not transferred service credit from the Employees' Pension System to the Correctional Officers' Retirement System; and
4 5	(2) <u>has no creditable service in the Employees' Pension System before July</u> <u>1, 2008.</u>
6 7 8	(b) An individual described under subsection (a) of this section shall have the individual's service credit from the Employees' Pension System transferred and combined with the individual's service in the Correctional Officers' Retirement System.
9	(c) If an individual described under subsection (a) of this section is granted an
10	ordinary disability benefit under Title 29, Subtitle 1 of the State Personnel and Pensions
11	Article, the Board of Trustees for the State Retirement and Pension System shall calculate
12	the ordinary disability benefit under §§ 29-106 and 29-108 of the State Personnel and
13	Pensions Article and grant the individual the greater benefit.
14 15	SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect July

15 1, 2018.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.