

SENATE BILL 299

Q3, K4

8lr0147
CF HB 354

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**

Introduced and read first time: January 22, 2018

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 15, 2018

CHAPTER _____

1 AN ACT concerning

2 ~~**Income Tax Subtraction Modification – Correctional Officers**~~
3 ~~**(Hometown Heroes Act of 2018)**~~
4 **Correctional Officers’ Retirement System – Membership**

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 Maryland 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;
11 requiring the State Retirement Agency, on or before a certain date, to notify certain
12 individuals affected by this Act of their rights to transfer certain service credit to the
13 Correctional Officers’ Retirement System; ~~defining a certain term; and generally~~
14 ~~relating to a subtraction modification for retired correctional officers.~~ requiring a
15 certain transfer and combination of certain service credit for certain individuals;
16 requiring the Board of Trustees for the State Retirement and Pension System to
17 calculate a certain disability benefit for certain individuals and to grant a certain
18 benefit under certain circumstances; and generally relating to membership in the
19 Correctional Officers’ Retirement System.

20 BY repealing and reenacting, with amendments,

21 Article – State Personnel and Pensions

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 25–201 and 25–401
 2 Annotated Code of Maryland
 3 (2015 Replacement Volume and 2017 Supplement)

4 ~~BY repealing and reenacting, with amendments,~~
 5 ~~Article Tax General~~
 6 ~~Section 10–200~~
 7 ~~Annotated Code of Maryland~~
 8 ~~(2016 Replacement Volume and 2017 Supplement)~~

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

11 **Article – State Personnel and Pensions**

12 25–201.

13 (a) Except as provided in subsection (b) of this section, this subtitle applies only
 14 to:

15 (1) correctional officers serving in any of the first six job classifications;

16 (2) security attendants at Clifton T. Perkins Hospital Center;

17 (3) a detention center officer employed by a participating governmental
 18 unit that on or after July 1, 2006, has elected to participate in the Correctional Officers'
 19 Retirement System;

20 (4) an individual serving as a correctional dietary, maintenance, laundry,
 21 or supply officer;

22 (5) an individual serving as a Maryland Correctional Enterprises officer,
 23 officer trainee, plant supervisor, plant manager, or regional manager;

24 (6) a correctional officer serving as a security chief, a facility administrator,
 25 an assistant warden, or a warden who:

26 (i) begins employment in that position on or after July 1, 2014; or

27 (ii) is serving in that position on June 30, 2014, and elects to transfer
 28 to the Correctional Officers' Retirement System from:

29 1. the Employees' Pension System on or before December 31,
 30 2014; or

31 2. the Employees' Retirement System on or before December
 32 31, 2015;

1 (7) an individual serving as a correctional case management specialist,
 2 supervisor, or manager on or after July 1, 2016; [and]

3 (8) an individual serving as a parole and probation agent, supervisor, or
 4 regional administrator on or after July 1, 2017; [and]

5 (9) an individual serving as a Department of Public Safety and
 6 Correctional Services employee in one of the following positions on or after July 1, 2017:

7 (i) an alcohol and drug:

8 1. associate counselor, counselor lead, counselor provisional,
 9 or counselor supervisor;

10 2. professional counselor, counselor provisional, or counselor
 11 supervisor; or

12 3. supervised counselor or counselor provisional;

13 (ii) a mental health professional counselor, graduate professional
 14 counselor, professional counselor advanced, or professional supervisor;

15 (iii) a psychologist, psychology associate, or psychology associate
 16 doctorate;

17 (iv) a social worker, social worker advanced, social worker
 18 supervisor, or social work regional supervisor; or

19 (v) a recreation officer or supervisor; ~~AND~~

20 **(10) AN INDIVIDUAL SERVING AS A DEPARTMENT OF JUVENILE**
 21 **SERVICES EMPLOYEE IN ONE OF THE FOLLOWING POSITIONS ON OR AFTER JULY 1,**
 22 **2018:**

23 ~~(I) AN ADVISOR LEAD, ADVISOR SUPERVISOR, OR ADVISOR~~
 24 ~~TRAINEE;~~

25 ~~(II) A COOK OR A FOOD SERVICE WORKER;~~

26 ~~(III) A MAINTENANCE ASSISTANT, MAINTENANCE CHIEF,~~
 27 ~~MAINTENANCE MECHANIC, OR MAINTENANCE SUPERVISOR; OR~~

28 ~~(IV) A RESIDENT ADVISOR OR RESIDENT ADVISOR TEAM LEAD A~~
 29 ~~COMMUNITY DETENTION OFFICER OR COMMUNITY DETENTION SUPERVISOR;~~

1 (II) A YOUTH TRANSPORTATION OFFICER, YOUTH
 2 TRANSPORTATION OFFICER LEAD, YOUTH TRANSPORTATION OFFICER SUPERVISOR,
 3 OR YOUTH TRANSPORTATION OFFICER TRAINEE; OR

4 (III) A RESIDENT ADVISOR LEAD, RESIDENT ADVISOR
 5 SUPERVISOR, OR RESIDENT ADVISOR TRAINEE; AND

6 (11) AN INDIVIDUAL SERVING AS A DEPARTMENT OF PUBLIC SAFETY
 7 AND CORRECTIONAL SERVICES EMPLOYEE IN ONE OF THE FOLLOWING POSITIONS
 8 ON OR AFTER JULY 1, 2018:

9 (I) A PAROLE AND PROBATION ASSISTANT REGIONAL
 10 ADMINISTRATOR;

11 (II) A PSYCHOLOGY SERVICES CHIEF;

12 (III) A CORRECTIONAL MAINTENANCE OFFICER SUPERVISOR;

13 (IV) A CORRECTIONAL MAINTENANCE OFFICER MANAGER;

14 (V) A CORRECTIONAL MAINTENANCE SERVICES OFFICER;

15 (VI) A CORRECTIONAL MAINTENANCE SERVICES SUPERVISOR;

16 OR

17 (VII) A CORRECTIONAL MAINTENANCE SERVICES MANAGER.

18 (b) This subtitle does not apply to:

19 (1) an employee of the Baltimore City Jail as of June 30, 1991, who:

20 (i) became an employee of the Baltimore City Detention Center on
 21 July 1, 1991; and

22 (ii) did not elect to become a member of the Correctional Officers'
 23 Retirement System on that date;

24 (2) a detention center officer employed by a participating governmental
 25 unit as a local detention center officer on the effective date of participation on or after July
 26 1, 2006, who did not elect to become a member of the Correctional Officers' Retirement
 27 System within 6 months of the effective date of participation; or

28 (3) a correctional officer serving as a security chief, a facility administrator,
 29 an assistant warden, or a warden who is in that position on June 30, 2014, and does not
 30 elect to transfer membership to the Correctional Officers' Retirement System from:

1 (i) the Employees' Pension System on or before December 31, 2014;
2 or

3 (ii) the Employees' Retirement System on or before December 31,
4 2015.

5 25-401.

6 (a) A member may retire with a normal service retirement allowance if:

7 (1) on or before the date of retirement, the member:

8 (i) has at least 20 years of eligibility service;

9 (ii) 1. is a correctional case management specialist, supervisor,
10 or manager on or before June 30, 2016;

11 2. is vested in the Correctional Officers' Retirement System;
12 and

13 3. has a combined total of at least 20 years of eligibility
14 service from:

15 A. the Correctional Officers' Retirement System and the
16 Employees' Retirement System; or

17 B. the Correctional Officers' Retirement System and the
18 Employees' Pension System;

19 (iii) 1. is serving in a position specified in:

20 A. § 25-201(a)(8) or (9) of this title on or before June 30, 2017;

21 OR

22 B. ~~§ 25-201(A)(10)~~ § 25-201(A)(10) OR (11) OF THIS
23 TITLE ON OR BEFORE JUNE 30, 2018;

24 2. is vested in the Correctional Officers' Retirement System;
25 and

26 3. has a combined total of at least 20 years of eligibility
27 service from:

28 A. the Correctional Officers' Retirement System and the
29 Employees' Retirement System; or

1 B. the Correctional Officers' Retirement System and the
2 Employees' Pension System; or

3 (iv) is at least 55 years old and has:

4 1. at least 5 years of eligibility service credit, if the member
5 is a member on or before June 30, 2011; or

6 2. at least 10 years of eligibility service credit, if the member
7 becomes a member on or after July 1, 2011; and

8 (2) the member completes and submits a written application to the Board
9 of Trustees stating the date when the member desires to retire.

10 (b) On retirement under this section, a member is entitled to receive a normal
11 service retirement allowance that equals one fifty-fifth of the member's average final
12 compensation multiplied by the number of years of creditable service.

13 (c) (1) This subsection applies only to:

14 (i) a correctional case management specialist, supervisor, or
15 manager who has a combined total of 20 years of eligibility service as provided in subsection
16 (a)(1)(ii) of this section; or

17 (ii) a member serving in a position specified in § 25-201(a)(8), [or]
18 (9), ~~OR (10), OR (11)~~ of this title who has a combined total of 20 years of eligibility service
19 as provided in subsection (a)(1)(iii) of this section.

20 (2) A member is entitled to receive a normal service retirement allowance
21 that equals an allowance based on the creditable service the member has in the
22 Correctional Officers' Retirement System.

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

25 ~~Article Tax General~~

26 ~~10-200.~~

27 ~~(a) (1) In this section the following words have the meanings indicated.~~

28 ~~(2) "CORRECTIONAL OFFICER" INCLUDES:~~

29 ~~(1) A RETIREE OF THE CORRECTIONAL OFFICERS'~~
30 ~~RETIREMENT SYSTEM, AS DEFINED IN § 25-201 OF THE STATE PERSONNEL AND~~
31 ~~PENSIONS ARTICLE;~~

1 ~~(H) A DETENTION CENTER OFFICER EMPLOYED BY A~~
 2 ~~PARTICIPATING GOVERNMENTAL UNIT AS A LOCAL DETENTION CENTER OFFICER~~
 3 ~~WHO IS NOT A RETIREE OF THE CORRECTIONAL OFFICERS' RETIREMENT SYSTEM;~~
 4 ~~AND~~

5 ~~(H) A SECURITY CHIEF, A FACILITY ADMINISTRATOR, AN~~
 6 ~~ASSISTANT WARDEN, OR A WARDEN WHO IS A RETIREE OF THE EMPLOYEES'~~
 7 ~~PENSION SYSTEM OR THE EMPLOYEES' RETIREMENT SYSTEM.~~

8 ~~[(2)] (3) "Emergency services personnel" means emergency medical~~
 9 ~~technicians or paramedics.~~

10 ~~[(3)] (4) (i) "Employee retirement system" means a plan:~~
 11 ~~1. established and maintained by an employer for the benefit~~
 12 ~~of its employees; and~~
 13 ~~2. qualified under § 401(a), § 403, or § 457(b) of the Internal~~
 14 ~~Revenue Code.~~

15 ~~(ii) "Employee retirement system" does not include:~~
 16 ~~1. an individual retirement account or annuity under § 408~~
 17 ~~of the Internal Revenue Code;~~
 18 ~~2. a Roth individual retirement account under § 408A of the~~
 19 ~~Internal Revenue Code;~~
 20 ~~3. a rollover individual retirement account;~~
 21 ~~4. a simplified employee pension under Internal Revenue~~
 22 ~~Code § 408(k); or~~
 23 ~~5. an ineligible deferred compensation plan under § 457(f) of~~
 24 ~~the Internal Revenue Code.~~

25 ~~(b) Subject to subsections (d) and (e) of this section, to determine Maryland~~
 26 ~~adjusted gross income, if, on the last day of the taxable year, a resident is at least 65 years~~
 27 ~~old or is totally disabled or the resident's spouse is totally disabled, or the resident [is at~~
 28 ~~least 55 years old and] is a retired CORRECTIONAL OFFICER, law enforcement officer, or~~
 29 ~~fire, rescue, or emergency services personnel of the United States, the State, or a political~~
 30 ~~subdivision of the State, an amount is subtracted from federal adjusted gross income equal~~
 31 ~~to the lesser of:~~

1 ~~(1) the cumulative or total annuity, pension, or endowment income from an~~
2 ~~employee retirement system included in federal adjusted gross income; or~~

3 ~~(2) the maximum annual benefit under the Social Security Act computed~~
4 ~~under subsection (c) of this section, less any payment received as old age, survivors, or~~
5 ~~disability benefits under the Social Security Act, the Railroad Retirement Act, or both.~~

6 ~~(e) For purposes of subsection (b)(2) of this section, the Comptroller:~~

7 ~~(1) shall determine the maximum annual benefit under the Social Security~~
8 ~~Act allowed for an individual who retired at age 65 for the prior calendar year; and~~

9 ~~(2) may allow the subtraction to the nearest \$100.~~

10 ~~(d) Military retirement income that is included in the subtraction under §~~
11 ~~10-207(c) of this subtitle may not be taken into account for purposes of the subtraction~~
12 ~~under this section.~~

13 ~~(e) In the case of a retired CORRECTIONAL OFFICER, law enforcement officer,~~
14 ~~or fire, rescue, or emergency services personnel of the United States, the State, or a political~~
15 ~~subdivision of the State, the amount included under subsection (b)(1) of this section [is]:~~

16 ~~(1) FOR THE TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2017,~~
17 ~~BUT BEFORE JANUARY 1, 2019, MAY BE SUBTRACTED ONLY IF THE RESIDENT IS AT~~
18 ~~LEAST 55 YEARS OLD ON THE LAST DAY OF THE TAXABLE YEAR AND IS limited to the~~
19 ~~first \$15,000 of retirement income that is attributable to the resident's employment as a~~
20 ~~CORRECTIONAL OFFICER, law enforcement officer, or fire, rescue, or emergency services~~
21 ~~personnel of the United States, the State, or a political subdivision of the State [unless];~~

22 ~~(2) FOR THE TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2018,~~
23 ~~BUT BEFORE JANUARY 1, 2020, MAY BE SUBTRACTED ONLY IF THE RESIDENT IS AT~~
24 ~~LEAST 50 YEARS OLD ON THE LAST DAY OF THE TAXABLE YEAR AND IS LIMITED TO~~
25 ~~50% OF THE RETIREMENT INCOME THAT IS ATTRIBUTABLE TO THE RESIDENT'S~~
26 ~~EMPLOYMENT AS A CORRECTIONAL OFFICER, LAW ENFORCEMENT OFFICER, OR~~
27 ~~FIRE, RESCUE, OR EMERGENCY SERVICES PERSONNEL OF THE UNITED STATES, THE~~
28 ~~STATE, OR A POLITICAL SUBDIVISION OF THE STATE; AND~~

29 ~~(3) FOR ANY TAXABLE YEAR BEGINNING AFTER DECEMBER 31, 2019,~~
30 ~~MAY BE SUBTRACTED ONLY IF THE RESIDENT IS AT LEAST 50 YEARS OLD ON THE~~
31 ~~LAST DAY OF THE TAXABLE YEAR AND INCLUDES ALL OF THE RETIREMENT INCOME~~
32 ~~THAT IS ATTRIBUTABLE TO THE RESIDENT'S EMPLOYMENT AS A CORRECTIONAL~~
33 ~~OFFICER, LAW ENFORCEMENT OFFICER, OR FIRE, RESCUE, OR EMERGENCY~~
34 ~~SERVICES PERSONNEL OF THE UNITED STATES, THE STATE, OR A POLITICAL~~
35 ~~SUBDIVISION OF THE STATE.~~

1 ~~(F) THE LIMITATIONS SET FORTH IN SUBSECTION (E) OF THIS SECTION DO~~
 2 ~~NOT APPLY IF:~~

3 ~~(1) the resident is at least 65 years old or is totally disabled; or~~

4 ~~(2) the resident's spouse is totally disabled.~~

5 SECTION ~~3~~ 2. AND BE IT FURTHER ENACTED, That, on or before ~~October 1,~~
 6 ~~2018~~ January 1, 2019, the State Retirement Agency shall notify the individuals who are
 7 affected by this Act of their right to transfer service credit from the Employees' Retirement
 8 System or the Employees' Pension System to the Correctional Officers' Retirement System.

9 SECTION ~~4~~ 3. AND BE IT FURTHER ENACTED, That ~~Section 2 of this Act shall~~
 10 ~~be applicable to all taxable years beginning after December 31, 2017~~ § 37-203(f)(3) of the
 11 State Personnel and Pensions Article does not apply to an individual who transfers service
 12 credit to the Correctional Officers' Retirement System under Title 37 of the State Personnel
 13 and Pensions Article in accordance with this Act, Chapters 218 or 219 of the Acts of the
 14 General Assembly of 2016, or Chapters 688, 689, or 690 of the Acts of the General Assembly
 15 of 2017.

16 SECTION 4. AND BE IT FURTHER ENACTED, That:

17 (a) This section applies to an individual who:

18 (1) is employed in a position:

19 (i) affected by this Act on July 1, 2018;

20 (ii) affected by Chapters 218 or 219 of the Acts of the General
 21 Assembly of 2016 and has not transferred service credit from the Employees' Pension
 22 System to the Correctional Officers' Retirement System; or

23 (iii) affected by Chapters 688, 689, or 690 of the Acts of the General
 24 Assembly of 2017 and has not transferred service credit from the Employees' Pension
 25 System to the Correctional Officers' Retirement System; and

26 (2) has no creditable service in the Employees' Pension System before July
 27 1, 2008.

28 (b) An individual described under subsection (a) of this section shall have the
 29 individual's service credit from the Employees' Pension System transferred and combined
 30 with the individual's service in the Correctional Officers' Retirement System.

31 (c) If an individual described under subsection (a) of this section is granted an
 32 ordinary disability benefit under Title 29, Subtitle 1 of the State Personnel and Pensions
 33 Article, the Board of Trustees for the State Retirement and Pension System shall calculate

1 the ordinary disability benefit under §§ 29–106 and 29–108 of the State Personnel and
2 Pensions Article and grant the individual the greater benefit.

3 SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect July
4 1, 2018.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.