

SENATE BILL 895

K4

8lr2285
CF HB 1049

By: Senator Guzzone

Introduced and read first time: February 5, 2018

Assigned to: Budget and Taxation

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 6, 2018

CHAPTER _____

1 AN ACT concerning

2 **State Police Retirement System – Deferred Retirement Option Program –**
3 **Alterations**

4 FOR the purpose of increasing the maximum number of years of eligibility service that
5 certain members of the State Police Retirement System may have to participate in
6 the Deferred Retirement Option Program (DROP); increasing the number of years
7 that certain members of the State Police Retirement System may participate in the
8 DROP; authorizing certain individuals, subject to certain limitations and
9 requirements, to elect to extend their participation in the DROP; prohibiting certain
10 individuals from electing to extend their participation in the DROP; ~~requiring the~~
11 ~~State Retirement Agency to request certain documentation from the Internal~~
12 ~~Revenue Service; making this Act subject to a certain contingency;~~ providing for the
13 application of this Act; and generally relating to certain members of the State Police
14 Retirement System and the Deferred Retirement Option Program.

15 BY repealing and reenacting, without amendments,
16 Article – State Personnel and Pensions
17 Section 24-401.1(a), (b), and (e)
18 Annotated Code of Maryland
19 (2015 Replacement Volume and 2017 Supplement)

20 BY repealing and reenacting, with amendments,
21 Article – State Personnel and Pensions
22 Section 24-401.1(c) and (d)
23 Annotated Code of Maryland

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 (2015 Replacement Volume and 2017 Supplement)

2 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

3 That the Laws of Maryland read as follows:

4 **Article – State Personnel and Pensions**

5 24–401.1.

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

7 (2) “DROP” means the Deferred Retirement Option Program established
8 under this section.

9 (3) “DROP member” means a member of the State Police Retirement
10 System who:

11 (i) is eligible to participate in the DROP as provided in subsection
12 (c) of this section; and

13 (ii) elects to participate in the DROP as provided in subsection (e) of
14 this section.

15 (b) There is a DROP for eligible members of the State Police Retirement System.

16 (c) (1) (i) This paragraph applies to an individual who is a member of the
17 State Police Retirement System on or before June 30, 2011.

18 (ii) Except for the Secretary of State Police, a member of the State
19 Police Retirement System is eligible to participate in the DROP if the member:

20 1. has at least 22 and less than [28] 30 years of eligibility
21 service; and

22 2. is less than 60 years old.

23 (iii) The Secretary of State Police is eligible to participate in the
24 DROP if the Secretary has at least 22 years of eligibility service.

25 (2) (i) This paragraph applies to an individual who becomes a member
26 of the State Police Retirement System on or after July 1, 2011.

27 (ii) Except for the Secretary of State Police, a member of the State
28 Police Retirement System is eligible to participate in the DROP if the member:

29 1. has at least 25 years and less than [29] 30 years of
30 eligibility service; and

2. is less than 60 years old.

(iii) The Secretary of State Police is eligible to participate in the DROP if the Secretary has at least 25 years of eligibility service.

4 (d) An eligible member may elect to participate in the DROP for a period not to
5 exceed the lesser of:

6 (1) [4] 5 years;

18 (4) a term selected by the member.

19 (e) (1) An eligible member who elects to participate in the DROP shall:

20 (i) complete and submit a written election form to the Board of
21 Trustees, on the form that the Board of Trustees provides, stating:

22 1. the member's intention to participate in the DROP;

29 5. any other information required by the Board of Trustees
30 to implement the DROP; and

3 (2) An eligible member's election to participate in the DROP is irrevocable.

4 SECTION 2. AND BE IT FURTHER ENACTED, That:

5 (a) Section 1 of this Act applies to any individual who began participation in the
6 DROP under § 24-401.1 of the State Personnel and Pensions Article before July 1, 2018,
7 and continues to participate in the DROP on or after July 1, 2018.

11 (i) the difference between 5 years and the number of years the
12 individual elected to participate in the DROP at the time the individual joined the DROP;
13 or

14 (ii) the difference between 30 years of eligibility service and the total
15 amount of eligibility service the individual had accrued at the time the individual joined
16 the DROP.

20 (c) (1) An individual who elects to extend participation in the DROP shall do
21 so on or before December 31, 2018, by completing a form provided by the Board of Trustees
22 for the State Retirement and Pension System.

28 ~~SECTION 3. AND BE IT FURTHER ENACTED~~, That, on or before July 1, 2018, the
29 State Retirement Agency shall request a determination letter from the Internal Revenue
30 Service that confirms the continued qualification under § 401 of the Internal Revenue Code
31 of the State Police Retirement System, as amended under Section 1 of this Act.

SECTION 4. AND BE IT FURTHER ENACTED, That:

33 (a) Section 1 of this Act shall take effect contingent on receipt of a determination
34 letter from the Internal Revenue Service that confirms that the State Police Retirement

1 ~~System, as amended under Section 1 of this Act, is a qualified plan under § 401 of the~~
2 ~~Internal Revenue Code.~~

3 ~~(b) If a favorable determination letter is received, Section 1 of this Act shall take~~
4 ~~effect the first day of the month after the State Retirement Agency receives the~~
5 ~~determination letter.~~

6 ~~(c) If the State Retirement Agency does not receive a favorable determination~~
7 ~~letter, Section 1 of this Act, with no further action required by the General Assembly, shall~~
8 ~~be null and void and of no further force and effect.~~

9 ~~(d) The State Retirement Agency, within 5 days after receiving the determination~~
10 ~~letter from the Internal Revenue Service, shall forward a copy of the ruling to the~~
11 ~~Department of Legislative Services, 90 State Circle, Annapolis, Maryland 21401.~~

12 SECTION ~~5~~ 3. AND BE IT FURTHER ENACTED, That, ~~subject to Section 4 of this~~
13 ~~Act,~~ this Act shall take effect July 1, 2018.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.