

# SENATE BILL 1001

K3, K4, C1

8lr2966

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By: **Senators Peters and Rosapepe**

Introduced and read first time: February 5, 2018

Assigned to: Budget and Taxation and Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Small Business Retirement Savings Program – Revisions**

3 FOR the purpose of altering the entities for which the State Department of Assessments  
4 and Taxation is required to waive a certain filing fee; designating the Maryland  
5 Small Business Retirement Savings Board as a body politic and corporate;  
6 authorizing the appointing authority, rather than the Governor, to remove a member  
7 of the Board; altering a requirement related to the preparation, adoption, and review  
8 of a written statement of investment policy; authorizing, rather than requiring, the  
9 Board to procure certain insurance; authorizing the Board to evaluate and establish  
10 a process by which a noncovered employer or a self-employed individual may enroll  
11 in and make contributions to the Maryland Small Business Retirement Savings  
12 Program; altering the definition of “qualifying nonprofit organization” to include the  
13 Program for the purposes of certain provisions of law governing the enrollment and  
14 participation of certain employees in the State Employee and Retiree Health and  
15 Welfare Benefits Program; defining a certain term; making conforming changes; and  
16 generally relating to the Maryland Small Business Retirement Savings Program.

17 BY repealing and reenacting, with amendments,  
18 Article – Corporations and Associations  
19 Section 1–203(b)(14)  
20 Annotated Code of Maryland  
21 (2014 Replacement Volume and 2017 Supplement)

22 BY adding to  
23 Article – Labor and Employment  
24 Section 12–101(e)  
25 Annotated Code of Maryland  
26 (2016 Replacement Volume and 2017 Supplement)

27 BY repealing and reenacting, with amendments,  
28 Article – Labor and Employment

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 Section 12–101(e) through (k), 12–201(a) and (e), 12–203(b)(1), 12–204(a)(9) and (16),  
2 and 12–402(c)  
3 Annotated Code of Maryland  
4 (2016 Replacement Volume and 2017 Supplement)

5 BY repealing and reenacting, with amendments,  
6 Article – State Personnel and Pensions  
7 Section 2–512(a)  
8 Annotated Code of Maryland  
9 (2015 Replacement Volume and 2017 Supplement)

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

### 12 Article – Corporations and Associations

13 1–203.

14 (b) (14) The Department shall waive the filing fee for a business entity  
15 described under paragraph (3)(ii) of this subsection for each year that the entity provides  
16 evidence to the Department that:

17 (i) The entity is required to comply with and is in compliance with  
18 Title 12 of the Labor and Employment Article; or

19 (ii) The entity otherwise provides [an automatic enrollment payroll  
20 deduction individual retirement account or individual retirement annuity under 26 U.S.C.  
21 § 408(a) or (b) or] an employer–offered savings arrangement, **AS DEFINED IN § 12–101(E)**  
22 **OF THE LABOR AND EMPLOYMENT ARTICLE**, that is in compliance with federal law.

### 23 Article – Labor and Employment

24 12–101.

25 (E) “EMPLOYER–OFFERED SAVINGS ARRANGEMENT” INCLUDES ANY OF  
26 THE FOLLOWING IF IN COMPLIANCE WITH FEDERAL LAW:

27 (1) AN IRA;

28 (2) A DEFINED BENEFIT PLAN;

29 (3) A 401(K);

30 (4) A SIMPLIFIED EMPLOYEE PENSION (SEP) PLAN;

1           **(5) A SAVINGS INCENTIVE MATCH PLAN FOR EMPLOYEES (SIMPLE)**  
2 **PLAN; OR**

3           **(6) ANOTHER ARRANGEMENT THAT THE BOARD SPECIFIES BY**  
4 **REGULATION.**

5           **[(e)] (F)** “IRA” means an individual retirement account or an individual  
6 retirement annuity under 26 U.S.C. § 408(a) or (b).

7           **[(f)] (G)** “Maryland Small Business Retirement Savings Program” means a  
8 retirement savings program established by the Maryland Small Business Retirement  
9 Savings Board under this title.

10           **[(g)] (H)** “Participating employee” means an employee that is participating in  
11 the Program through a payroll deposit retirement savings arrangement in accordance with  
12 regulations adopted by the Board.

13           **[(h)] (I)** “Participating employer” means a covered employer that provides a  
14 payroll deposit retirement savings arrangement under this title for covered employees.

15           **[(i)] (J)** “Payroll deposit retirement savings arrangement” means an  
16 arrangement by which a covered employer remits payroll deduction contributions of  
17 participating employees to the Program.

18           **[(j)] (K)** “Program” means the Maryland Small Business Retirement Savings  
19 Program established under this title.

20           **[(k)] (L)** “Trust” means the Maryland Small Business Retirement Savings Trust  
21 established under this title.

22 12–201.

23           **(a) (1)** There is a Maryland Small Business Retirement Savings Board.

24           **(2) THE BOARD IS A BODY POLITIC AND CORPORATE.**

25           **(e)** The **[Governor] APPOINTING AUTHORITY** may remove a member **WHOM**  
26 **THE APPOINTING AUTHORITY APPOINTED**, for incompetence or misconduct.

27 12–203.

28           **(b) (1)** The Board shall **[annually] prepare, [and] adopt, AND ANNUALLY**  
29 **REVIEW** a written statement of investment policy that includes a risk management and  
30 oversight program.

1 12-204.

2 (a) In addition to the powers and duties set forth elsewhere in this title, the  
3 Board:

4 (9) [shall] **MAY** procure insurance against any loss in connection with the  
5 property, assets, or activities of the Trust, and secure private underwriting and reinsurance  
6 to manage risk;

7 (16) may evaluate and establish the process by which **A NONCOVERED**  
8 **EMPLOYER**, an employee of a nonparticipating employer, **OR A SELF-EMPLOYED**  
9 **INDIVIDUAL** may enroll in and make contributions to the Program.

10 12-402.

11 (c) Employers shall retain the option at all times to set up any type of  
12 employer-offered savings arrangement[, such as a defined benefit plan or a 401(k),  
13 Simplified Employee Pension (SEP) plan, or Savings Incentive Match Plan for Employees  
14 (SIMPLE) plan, or to offer an automatic enrollment payroll deduction IRA,] instead of  
15 having a payroll deposit retirement savings arrangement to allow employee participation  
16 in the Program.

17 **Article – State Personnel and Pensions**

18 2-512.

19 (a) In this section, “qualifying nonprofit organization” means an organization  
20 that:

21 (1) (i) receives State funds from the Maryland Department of Health  
22 that cover more than one-third of the organization’s operating expenses; and

23 (ii) is:

24 1. described in § 501(c)(3) of the Internal Revenue Code; and

25 2. exempt from income tax under § 501(a) of the Internal  
26 Revenue Code;

27 (2) is the Legal Aid Bureau, Inc.;

28 (3) is a corporation, a limited liability company, or any other entity that is  
29 wholly owned by the Legal Aid Bureau, Inc.; [or]

30 (4) is the Maryland Crime Victims’ Resource Center; **OR**

1                   **(5) IS THE MARYLAND SMALL BUSINESS RETIREMENT SAVINGS**  
2 **BOARD.**

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