

# 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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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 16, 2018

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## CHAPTER \_\_\_\_\_

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

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**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 12-101(e)  
2                   Annotated Code of Maryland  
3                   (2016 Replacement Volume and 2017 Supplement)

4    BY repealing and reenacting, with amendments,  
5                   Article – Labor and Employment  
6                   Section 12-101(e) through (k), 12-201(a) and (e), 12-203(b)(1), 12-204(a)(9) and (16),  
7                   and 12-402(c)  
8                   Annotated Code of Maryland  
9                   (2016 Replacement Volume and 2017 Supplement)

10   BY repealing and reenacting, with amendments,  
11                   Article – State Personnel and Pensions  
12                   Section 2-512(a)  
13                   Annotated Code of Maryland  
14                   (2015 Replacement Volume and 2017 Supplement)

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

17                   **Article – Corporations and Associations**

18    1-203.

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

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

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

28                   **Article – Labor and Employment**

29    12-101.

30                   **(E) “EMPLOYER-OFFERED SAVINGS ARRANGEMENT” INCLUDES ANY OF**  
31   **THE FOLLOWING ~~IF IN COMPLIANCE WITH FEDERAL LAW~~:**

32                   **(1) AN IRA;**

33                   **(2) A DEFINED BENEFIT PLAN;**

(3) A 401(k);

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

## **(5) A SAVINGS INCENTIVE MATCH PLAN FOR EMPLOYEES (SIMPLE)**

**(6) ANOTHER ARRANGEMENT, IF IN COMPLIANCE WITH FEDERAL THE BOARD SPECIFIES BY REGULATION.**

7        [(e)] (F)     "IRA" means an individual retirement account or an individual  
8 retirement annuity under 26 U.S.C. § 408(a) or (b).

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

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

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

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

[j] (k) "Program" means the Maryland Small Business Retirement Savings Program established under this title.

22        [k] (L)     "Trust" means the Maryland Small Business Retirement Savings Trust  
23     established under this title.

24 12-201.

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

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

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

29 12-203.

4 12-204.

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

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

13 12-402.

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

## Article – State Personnel and Pensions

21 2-512.

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

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

26 (ii) is:

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

3 (4) is the Maryland Crime Victims' Resource Center; OR

4 (5) IS THE MARYLAND SMALL BUSINESS RETIREMENT SAVINGS  
5 BOARD.

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

Approved:

Governor.

## President of the Senate.

### Speaker of the House of Delegates.