

# SENATE BILL 489

K4

(0lr2949)

## ENROLLED BILL

— Budget and Taxation/Appropriations —

Introduced by **Senator Peters**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this

\_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M.

\_\_\_\_\_  
President.

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

1 AN ACT concerning

2 **Employees' and Teachers' Retirement and Pension Systems – Reemployment –**  
3 **Clarification**

4 FOR the purpose of clarifying that a reemployed retiree of the Employees' and Teachers'  
5 Retirement System or the Employees' and Teachers' Pension System is subject to a  
6 certain reduction in their retirement allowance if the retiree's compensation is  
7 derived from certain State funds; requiring the funding for a reemployed retiree's  
8 position to be funded in a certain manner to qualify for a certain exemption from a  
9 reduction in a retirement allowance; specifying the manner in which an employer  
10 shall establish that a reemployed retiree's compensation does not include any State  
11 funds; and generally relating to the reemployment of retirees of the Employees' and  
12 Teachers' Retirement and Pension Systems.

13 BY repealing and reenacting, with amendments,  
14 Article – State Personnel and Pensions

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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.

*Italics indicate opposite chamber/conference committee amendments.*



1 Section 22–406(c)(1), (4)(xii), and (11) and 23–407(c)(1), (4)(x), and (11)  
2 Annotated Code of Maryland  
3 (2015 Replacement Volume and 2019 Supplement)

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

6 **Article – State Personnel and Pensions**

7 22–406.

8 (c) (1) Except as provided in § 22–407 of this subtitle, the Board of Trustees  
9 shall reduce the allowance of an individual who accepts employment as provided under  
10 subsection (b) of this section if:

11 (i) the individual’s current employer is a participating employer  
12 other than the State and is the same participating employer that employed the individual  
13 at the time of the individual’s last separation from employment with a participating  
14 employer before the individual commenced receiving a service retirement allowance or  
15 vested allowance;

16 (ii) 1. the individual’s current employer is any unit of State  
17 government;

18 2. the individual’s employer at the time of the individual’s  
19 last separation from employment with the State before the individual commenced receiving  
20 a service retirement allowance or vested allowance was also a unit of State government;  
21 and

22 3. any portion of the individual’s compensation for the  
23 individual’s current employment [comes] **IS DERIVED** from State funds, **INCLUDING ANY**  
24 **FEES OR PENALTIES COLLECTED OR RECEIVED BY A UNIT OF STATE GOVERNMENT;**  
25 or

26 (iii) the individual becomes reemployed within 12 months of  
27 receiving an early service retirement allowance under § 22–402 of this subtitle.

28 (4) Except for an individual whose allowance is subject to a reduction as  
29 provided under paragraphs (1)(iii) and (3) of this subsection, the reduction of an allowance  
30 under this subsection does not apply to:

31 (xii) a retiree whose:

32 1. current employer is any unit of State government; [and]

1                                    2.        compensation from the retiree's current employer does not  
2 include any State funds; AND

3                                    3.        **POSITION IS FULLY FUNDED BY A GRANT FROM A**  
4 **NON-STATE SOURCE THAT SPECIFICALLY REQUIRES THE USE OF THE GRANT FUNDS**  
5 **TO PAY THE FULL AMOUNT OF THE COMPENSATION FOR THE POSITION.**

6                                    (11) (i)        Within 30 days after rehiring an individual under paragraph  
7 (4)(xii) of this subsection, and on or before January 31 each year for the 5 calendar years  
8 immediately following the individual's date of retirement, the appointing authority of the  
9 unit of State government employing the individual shall complete and file with the Board  
10 of Trustees a form provided by the Board of Trustees that certifies that the individual  
11 rehired by the individual's current employer under paragraph (4)(xii) of this subsection  
12 satisfied the criteria provided in paragraph (4)(xii) of this subsection.

13                                    (II)        **TO ESTABLISH THAT AN INDIVIDUAL'S COMPENSATION**  
14 **FROM THE CURRENT EMPLOYER DOES NOT INCLUDE ANY STATE FUNDS, THE**  
15 **CURRENT EMPLOYER SHALL PROVIDE THE STATE RETIREMENT AGENCY WITH THE**  
16 **FOLLOWING:**

17                                    1.        **EXCEPT AS PROVIDED IN SUBPARAGRAPH (III) OF**  
18 **THIS PARAGRAPH, A COPY OF THE GRANT AGREEMENT THAT PROVIDES FULL**  
19 **FUNDING FOR THE INDIVIDUAL'S POSITION, AND SPECIFIES THAT THE GRANT FUNDS**  
20 **MUST BE USED TO PAY THE FULL COST OF THE POSITION'S COMPENSATION;**

21                                    2.        **PAYROLL RECORDS OF THE CURRENT EMPLOYER**  
22 **THAT DEMONSTRATE THAT THE GRANT FUNDS WERE USED TO PAY THE**  
23 **INDIVIDUAL'S COMPENSATION; AND**

24                                    3.        **ANY ADDITIONAL INFORMATION REQUIRED BY THE**  
25 **STATE RETIREMENT AGENCY.**

26                                    (III)        **A BLOCK GRANT OR MATCHING GRANT MAY NOT BE USED TO**  
27 **SATISFY THE REQUIREMENT UNDER SUBPARAGRAPH (II)1 OF THIS PARAGRAPH.**

28                                    [(ii)] (IV)        If the Board of Trustees finds that an appointing authority  
29 has rehired an individual that does not satisfy the criteria provided in paragraph (4)(xii) of  
30 this subsection:

31                                    1.        on or before July 1 of the year of the finding, the Board of  
32 Trustees shall notify the appointing authority for the unit of State government employing  
33 this individual; and

34                                    2.        the unit of State government employing the individual  
35 under paragraph (4)(xii) of this subsection shall reimburse the Board of Trustees the

1 amount equal to the reduction to the individual's retirement allowance that would have  
2 been made in paragraph (2) of this subsection.

3 23-407.

4 (c) (1) Except as provided in § 23-408 of this subtitle, the Board of Trustees  
5 shall reduce the allowance of an individual who accepts employment as provided under  
6 subsection (b) of this section if:

7 (i) the individual's current employer is a participating employer  
8 other than the State and is the same participating employer that employed the individual  
9 at the time of the individual's last separation from employment with a participating  
10 employer before the individual commenced receiving a service retirement allowance or  
11 vested allowance;

12 (ii) 1. the individual's current employer is any unit of State  
13 government;

14 2. the individual's employer at the time of the individual's  
15 last separation from employment with the State before the individual commenced receiving  
16 a service retirement allowance or vested allowance was also a unit of State government;  
17 and

18 3. any portion of the individual's compensation for the  
19 individual's current employment [comes] **IS DERIVED** from State funds, **INCLUDING ANY**  
20 **FEES OR PENALTIES COLLECTED OR RECEIVED BY A UNIT OF STATE GOVERNMENT;**  
21 or

22 (iii) the individual becomes reemployed within 12 months of  
23 receiving an early service retirement allowance or an early vested allowance computed  
24 under § 23-402 of this subtitle.

25 (4) Except for an individual whose allowance is subject to a reduction as  
26 provided under paragraphs (1)(iii) and (3) of this subsection, the reduction of an allowance  
27 under this subsection does not apply to:

28 (x) a retiree whose:

29 1. current employer is any unit of State government; [and]

30 2. compensation from the retiree's current employer does not  
31 include any State funds; **AND**

32 3. **POSITION IS FULLY FUNDED BY A GRANT FROM A**  
33 **NON-STATE SOURCE THAT SPECIFICALLY REQUIRES THE USE OF THE GRANT FUNDS**  
34 **TO PAY THE FULL AMOUNT OF THE COMPENSATION FOR THE POSITION.**

1 (11) (i) Within 30 days after rehiring an individual under paragraph  
2 (4)(x) of this subsection, and on or before January 31 each year for the 5 calendar years  
3 immediately following the individual's date of retirement, the appointing authority of the  
4 unit of State government employing the individual shall complete and file with the Board  
5 of Trustees a form provided by the Board of Trustees that certifies that the individual  
6 rehired by the individual's current employer under paragraph (4)(x) of this subsection  
7 satisfied the criteria provided in paragraph (4)(x) of this subsection.

8 (II) TO ESTABLISH THAT AN INDIVIDUAL'S COMPENSATION  
9 FROM THE CURRENT EMPLOYER DOES NOT INCLUDE ANY STATE FUNDS, THE  
10 CURRENT EMPLOYER SHALL PROVIDE THE STATE RETIREMENT AGENCY WITH THE  
11 FOLLOWING:

12 1. EXCEPT AS PROVIDED IN SUBPARAGRAPH (III) OF  
13 THIS PARAGRAPH, A COPY OF THE GRANT AGREEMENT THAT PROVIDES FULL  
14 FUNDING FOR THE INDIVIDUAL'S POSITION, AND SPECIFIES THAT THE GRANT FUNDS  
15 MUST BE USED TO PAY THE FULL COST OF THE POSITION'S COMPENSATION;

16 2. PAYROLL RECORDS OF THE CURRENT EMPLOYER  
17 THAT DEMONSTRATE THAT THE GRANT FUNDS WERE USED TO PAY THE  
18 INDIVIDUAL'S COMPENSATION; AND

19 3. ANY ADDITIONAL INFORMATION REQUIRED BY THE  
20 STATE RETIREMENT AGENCY.

21 (III) A BLOCK GRANT OR MATCHING GRANT MAY NOT BE USED TO  
22 SATISFY THE REQUIREMENT UNDER SUBPARAGRAPH (II)1 OF THIS PARAGRAPH.

23 [(ii)] (IV) If the Board of Trustees finds that an appointing authority has  
24 rehired an individual that does not satisfy the criteria provided in paragraph (4)(x) of this  
25 subsection:

26 1. on or before July 1 of the year of the finding, the Board of  
27 Trustees shall notify the appointing authority for the unit of State government employing  
28 this individual; and

29 2. the unit of State government employing the individual  
30 under paragraph (4)(x) of this subsection shall reimburse the Board of Trustees the amount  
31 equal to the reduction to the individual's retirement allowance that would have been made  
32 in paragraph (2) of this subsection.

33 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
34 1, 2020.