

SENATE BILL 809

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CF HB 942

By: **Senator Elfreth (Chair, Joint Committee on Pensions)**

Introduced and read first time: February 3, 2020

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System – Reemployment Earnings Offset –**
3 **Clarification**

4 FOR the purpose of clarifying certain provisions of law pertaining to a certain
5 reemployment earnings offset of a retirement allowance for certain retirees of the
6 State Retirement and Pension System that are reemployed in certain positions; and
7 generally relating to clarifying certain provisions of law pertaining to a
8 reemployment earnings offset for certain retirees of the State Retirement and
9 Pension System.

10 BY repealing and reenacting, with amendments,

11 Article – State Personnel and Pensions

12 Section 22–406(c)(2)(i) and (iii), 23–407(c)(2)(i) and (iii), 24–405(c)(4), 25–403(b)(2),
13 and 27–406(d)

14 Annotated Code of Maryland

15 (2015 Replacement Volume and 2019 Supplement)

16 BY adding to

17 Article – State Personnel and Pensions

18 Section 22–406(c)(2)(iv) and 23–407(c)(2)(iv)

19 Annotated Code of Maryland

20 (2015 Replacement Volume and 2019 Supplement)

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

22 That the Laws of Maryland read as follows:

23 **Article – State Personnel and Pensions**

24 22–406.

25 (c) (2) (i) Except as provided in subparagraph (ii) of this paragraph and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 subject to [subparagraph (iii)] **SUBPARAGRAPHS (III) AND (IV)** of this paragraph, the
2 reduction required under paragraph (1) of this subsection shall equal:

3 1. the amount by which the sum of the individual's initial
4 annual basic allowance and the individual's annual compensation exceeds the average final
5 compensation used to compute the basic allowance; or

6 2. for a retiree who retired under the Workforce Reduction
7 Act (Chapter 353 of the Acts of 1996), the amount by which the sum of the retiree's annual
8 compensation and the retiree's annual basic allowance at the time of retirement, including
9 the incentive provided by the Workforce Reduction Act, exceeds the average final
10 compensation used to compute the basic allowance.

11 (iii) [1.] Any reduction taken [to a retiree's allowance] under this
12 subsection may not [exceed an amount that would reduce the retiree's allowance to less
13 than what is required to be deducted] **REDUCE THE RETIREE'S ALLOWANCE TO AN
14 AMOUNT LESS THAN THE REQUIRED DEDUCTION** for:

15 [A.] 1. if the retiree retired from any unit of State
16 government, the retiree's monthly State-approved medical insurance premiums; or

17 [B.] 2. if the retiree retired from a participating employer
18 other than the State, the approved monthly medical insurance premiums required by the
19 participating employer that employed the retiree at the time of the retiree's retirement.

20 [2. If a reduction for a calendar year taken under
21 subsubparagraph 1 of this subparagraph is less than the reduction required under
22 subparagraph (i) of this paragraph, the Board of Trustees shall recover from the retiree an
23 amount equal to the reduction required under subparagraph (i) of this paragraph less the
24 reduction taken under subsubparagraph 1 of this subparagraph.]

25 **(IV) THE BOARD OF TRUSTEES SHALL RECOVER FROM THE
26 RETIREE ANY DIFFERENCE BETWEEN THE REDUCTION REQUIRED UNDER
27 SUBPARAGRAPH (I) OF THIS PARAGRAPH AND THE REDUCTION TAKEN UNDER
28 SUBPARAGRAPH (III) OF THIS PARAGRAPH.**

29 23-407.

30 (c) (2) (i) Except as provided in subparagraph (ii) of this paragraph and
31 subject to [subparagraph (iii)] **SUBPARAGRAPHS (III) AND (IV)** of this paragraph, the
32 reduction required under paragraph (1) of this subsection shall equal:

33 1. the amount by which the sum of the individual's initial
34 annual basic allowance and the individual's annual compensation exceeds the average final
35 compensation used to compute the basic allowance; or

1 2. for a retiree who retired under the Workforce Reduction
2 Act (Chapter 353 of the Acts of 1996), the amount by which the sum of the retiree's annual
3 compensation and the retiree's annual basic allowance at the time of retirement, including
4 the incentive provided by the Workforce Reduction Act, exceeds the average final
5 compensation used to compute the basic allowance.

6 (iii) [1.] Any reduction taken [to a retiree's allowance] under this
7 subsection may not [exceed an amount that would reduce the retiree's allowance to less
8 than what is required to be deducted] **REDUCE THE RETIREE'S ALLOWANCE TO AN**
9 **AMOUNT LESS THAN THE REQUIRED DEDUCTION** for:

10 [A.] 1. if the retiree retired from any unit of State
11 government, the retiree's monthly State-approved medical insurance premiums; or

12 [B.] 2. if the retiree retired from a participating employer
13 other than the State, the approved monthly medical insurance premiums required by the
14 participating employer that employed the retiree at the time of the retiree's retirement.

15 [2. If a reduction for a calendar year taken under
16 subparagraph 1 of this subparagraph is less than the reduction required under
17 subparagraph (i) of this paragraph, the Board of Trustees shall recover from the retiree an
18 amount equal to the reduction required under subparagraph (i) of this paragraph less the
19 reduction taken under subparagraph 1 of this subparagraph.]

20 **(IV) THE BOARD OF TRUSTEES SHALL RECOVER FROM THE**
21 **RETIREE ANY DIFFERENCE BETWEEN THE REDUCTION REQUIRED UNDER**
22 **SUBPARAGRAPH (I) OF THIS PARAGRAPH AND THE REDUCTION TAKEN UNDER**
23 **SUBPARAGRAPH (III) OF THIS PARAGRAPH.**

24 24-405.

25 (c) (4) (i) Any reduction taken to an allowance under paragraph (3) of this
26 subsection may not [reduce the allowance to less than the amount required to be deducted]
27 **REDUCE THE ALLOWANCE TO AN AMOUNT LESS THAN THE REQUIRED DEDUCTION**
28 for the individual's monthly State-approved medical insurance premiums.

29 (ii) [If a reduction for a calendar year taken under subparagraph (i)
30 of this paragraph is less than the reduction required under paragraph (3) of this subsection,
31 the] **THE** Board of Trustees shall recover from the individual [an amount equal to] **ANY**
32 **DIFFERENCE BETWEEN** the reduction required under paragraph (3) of this subsection
33 [less] **AND** the reduction taken under subparagraph (i) of this paragraph.

34 25-403.

35 (b) (2) (i) Subject to [subparagraph (ii)] **SUBPARAGRAPHS (II) AND (III)**

1 of this paragraph, the reduction under paragraph (1) of this subsection shall equal the
 2 amount by which the sum of the individual's initial annual basic allowance and the
 3 individual's annual compensation exceeds the average final compensation used to compute
 4 the basic allowance.

5 (ii) [1.] Any reduction taken [to a retiree's allowance] under this
 6 subsection may not [exceed an amount that would reduce the retiree's allowance to less
 7 than what is required to be deducted] **REDUCE THE RETIREE'S ALLOWANCE TO AN**
 8 **AMOUNT LESS THAN THE REQUIRED DEDUCTION** for:

9 [A.] 1. if the retiree retired from any unit of State
 10 government, the retiree's monthly State-approved medical insurance premiums; or

11 [B.] 2. if the retiree retired from a participating employer
 12 other than the State, the approved monthly medical insurance premiums required by the
 13 participating employer that employed the retiree at the time of the retiree's retirement.

14 [2. If a reduction for a calendar year taken under
 15 subsubparagraph 1 of this subparagraph is less than the reduction required under
 16 subparagraph (i) of this paragraph, the Board of Trustees shall recover from the retiree an
 17 amount equal to the reduction required under subparagraph (i) of this paragraph less the
 18 reduction taken under subsubparagraph 1 of this subparagraph.]

19 **(III) THE BOARD OF TRUSTEES SHALL RECOVER FROM THE**
 20 **RETIREE ANY DIFFERENCE BETWEEN THE REDUCTION REQUIRED UNDER**
 21 **SUBPARAGRAPH (I) OF THIS PARAGRAPH LESS THE REDUCTION TAKEN UNDER**
 22 **SUBPARAGRAPH (II) OF THIS PARAGRAPH.**

23 27-406.

24 (d) (1) Any reduction taken [to a retiree's allowance] under subsection (c) of
 25 this section may not [exceed an amount that would reduce the retiree's allowance to less
 26 than what is required to be deducted] **REDUCE THE RETIREE'S ALLOWANCE TO AN**
 27 **AMOUNT LESS THAN THE REQUIRED DEDUCTION** for the retiree's monthly
 28 State-approved medical insurance premiums.

29 (2) [If a reduction for a calendar year taken under paragraph (1) of this
 30 subsection is less than the reduction required under subsection (c) of this section, the] **THE**
 31 **Board of Trustees shall recover from the retiree [an amount equal to] ANY DIFFERENCE**
 32 **BETWEEN** the reduction required under subsection (c) of this section less the reduction
 33 taken under paragraph (1) of this subsection.

34 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
 35 1, 2020.