

# SENATE BILL 274

P6

3lr1905  
CF HB 541

---

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

Introduced and read first time: January 26, 2023

Assigned to: Budget and Taxation

---

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 3, 2023

---

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

1 AN ACT concerning

2 **State Retirement and Pension System – Earnable Compensation, Nonvested**  
3 **Former Members, and Immediate Vesting – ~~Return of Accumulated~~**  
4 **Contributions**

5 FOR the purpose of specifying that the definition of “earnable compensation” does not  
6 include certain payments; requiring the Board of Trustees for the State Retirement  
7 and Pension System to pay a nonvested former member’s accumulated contributions  
8 to the nonvested former member’s designated beneficiary or estate if the nonvested  
9 former member dies before withdrawing the member’s contributions; providing a list  
10 of individuals who immediately vest on taking certain offices; and generally relating  
11 to ~~payments of accumulated contributions~~ the State Pension and Retirement System.

12 BY repealing and reenacting, without amendments,  
13 Article – State Personnel and Pensions  
14 Section 20–101(a)  
15 Annotated Code of Maryland  
16 (2015 Replacement Volume and 2022 Supplement)

17 BY repealing and reenacting, with amendments,  
18 Article – State Personnel and Pensions  
19 Section 20–101(o), 29–207, and 29–304  
20 Annotated Code of Maryland  
21 (2015 Replacement Volume and 2022 Supplement)

---

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

3 **Article – State Personnel and Pensions**

4 20–101.

5 (a) In this Division II the following words have the meanings indicated.

6 (o) **(1)** “Earnable compensation” means one–twelfth of the member’s annual  
7 salary rate payable for working the normal time in the member’s position, including:

8 **[(1)] (I)** the employer pickup contribution provided for in § 21–312 of this  
9 article; or

10 **[(2)] (II)** a contribution made under a salary reduction or supplemental  
11 retirement plan in accordance with Title 35 of this article.

12 **(2)** “EARNABLE COMPENSATION” DOES NOT INCLUDE:

13 **(I)** A LUMP SUM PAYMENT BY A PARTICIPATING EMPLOYER  
14 THAT REPRESENTS A RETROACTIVE SALARY INCREASE TO ONE OR MORE CLASSES  
15 OF EMPLOYEES FOR PERIODS OF EMPLOYMENT THAT TOOK PLACE BEFORE THE  
16 AWARD OF THE PAYMENT; AND

17 **(II)** ANY OTHER PAYMENT THAT THE BOARD OF TRUSTEES  
18 DETERMINES IS NOT PART OF A MEMBER’S ANNUAL SALARY RATE PAYABLE FOR  
19 WORKING THE NORMAL TIME IN THE MEMBER’S POSITION.

20 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read  
21 as follows:

22 **Article – State Personnel and Pensions**

23 29–207.

24 **(A)** If a former member who is eligible for a vested allowance dies before payment  
25 of the vested allowance starts, the Board of Trustees, after receiving proof of death, shall  
26 pay the former member’s accumulated contributions to:

27 (1) the designated beneficiary; or

28 (2) if there is no designated beneficiary, the former member’s estate.

29 **(B)** **IF A FORMER MEMBER WHO IS NOT ELIGIBLE FOR A VESTED**  
30 **ALLOWANCE DIES BEFORE WITHDRAWING THE FORMER MEMBER’S ACCUMULATED**

1 CONTRIBUTIONS, THE BOARD OF TRUSTEES, AFTER RECEIVING PROOF OF DEATH,  
2 SHALL PAY THE FORMER MEMBER'S ACCUMULATED CONTRIBUTIONS TO:

3 (1) THE DESIGNATED BENEFICIARY; OR

4 (2) IF THERE IS NO DESIGNATED BENEFICIARY, THE FORMER  
5 MEMBER'S ESTATE.

6 29-304.

7 [(a)] An individual shall have immediate vesting rights on taking office in the State  
8 system in which the individual is a member if the individual is THE:

9 (1) [a secretary of a principal department of the State government; or

10 (2) a head of a department, an office, or any other unit of State government:

11 (i) servicing at the Governor's pleasure; or

12 (ii) appointed by the Governor for a fixed term and is in the position  
13 on or after June 1, 2022.

14 (b) An individual who commences employment as the Executive Director of the  
15 State Retirement Agency on or after January 1, 2021, shall have immediate vesting rights  
16 in the Employees' Pension System.] SECRETARY OF A PRINCIPAL DEPARTMENT OF THE  
17 EXECUTIVE BRANCH OF STATE GOVERNMENT AS PROVIDED UNDER § 8-201 OF THE  
18 STATE GOVERNMENT ARTICLE;

19 (2) EXECUTIVE DIRECTOR OF THE ALCOHOL AND TOBACCO  
20 COMMISSION;

21 (3) ADJUTANT GENERAL OF THE MILITARY DEPARTMENT;

22 (4) CHAIR OF THE STATE BOARD OF CONTRACT APPEALS;

23 (5) CHAIR OF THE PUBLIC SERVICE COMMISSION;

24 (6) CHAIR OF THE WORKERS' COMPENSATION COMMISSION;

25 (7) CHIEF ADMINISTRATIVE LAW JUDGE OF THE OFFICE OF  
26 ADMINISTRATIVE HEARINGS;

27 (8) DIRECTOR OF THE HEALTH CARE ALTERNATIVE DISPUTE  
28 RESOLUTION OFFICE;

1           **(9) DIRECTOR OF THE MARYLAND ENERGY ADMINISTRATION;**

2           **(10) DIRECTOR OF THE OFFICE OF THE DEAF AND HARD OF HEARING;**

3           **(11) DIRECTOR OF THE OFFICE OF HOMELAND SECURITY;**

4           **(12) DIRECTOR OF THE OFFICE OF PERFORMANCE IMPROVEMENT;**

5           **(13) DIRECTOR OF THE STATE DEPARTMENT OF ASSESSMENTS AND**  
6 **TAXATION;**

7           **(14) DIRECTOR OF THE STATE LOTTERY AND GAMING CONTROL**  
8 **AGENCY;**

9           **(15) EXECUTIVE DIRECTOR OF THE GOVERNOR'S OFFICE OF**  
10 **COMMUNITY AND CRIME;**

11           **(16) EXECUTIVE DIRECTOR OF THE GOVERNOR'S OFFICE OF CRIME**  
12 **PREVENTION, YOUTH, AND VICTIM SERVICES;**

13           **(17) EXECUTIVE DIRECTOR OF THE STATE RETIREMENT AGENCY;**

14           **(18) INSURANCE COMMISSIONER OF THE MARYLAND INSURANCE**  
15 **ADMINISTRATION;**

16           **(19) SPECIAL SECRETARY OF THE OFFICE OF SMALL, MINORITY, AND**  
17 **WOMEN BUSINESS AFFAIRS;**

18           **(20) STATE ARCHIVIST; OR**

19           **(21) STATE PROSECUTOR OF THE STATE PROSECUTOR'S OFFICE.**

20           SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall be  
21 construed to apply retroactively and shall be applied to any lump sum payment by a  
22 participating employer that represents a retroactive salary increase to one or more classes  
23 of employees that took place before the award of the payment on or after July 1, 2022, and  
24 before July 1, 2023.

25           SECTION ~~2~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take effect  
26 July 1, 2023.