

SENATE BILL 366

P6

4lr0559
CF HB 1211

By: **Senators Mautz and Bailey**
Introduced and read first time: January 17, 2024
Assigned to: Budget and Taxation

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: February 25, 2024

CHAPTER _____

1 AN ACT concerning

2 ~~Teachers' Pension System~~ **Employees' and Teachers' Retirement and Pension**
3 **Systems – Reemployment of Retirees**

4 FOR the purpose of repealing a certain exemption from certain reemployed retiree earnings
5 offsets for certain retirees of the Employees' and Teachers' Retirement and Pension
6 Systems; repealing certain requirements that certain participating employers pay
7 certain offsets under certain circumstances; establishing an exemption from a
8 reemployed retiree earnings offset for retirees of the Teachers' Pension System who
9 are reemployed by certain employers if the retiree's salary is funded from certain
10 sources; providing for the retroactive application of a certain section of this Act; and
11 generally relating to reemployed retirees of the ~~Teachers' Pension System~~
12 Employees' and Teachers' Retirement and Pension Systems.

13 BY repealing and reenacting, with amendments,
14 Article – State Personnel and Pensions
15 Section 22–406(c)(1) and (4)(x) and (xi) and 23–407(c)(1) and (4)(viii) and (ix)
16 Annotated Code of Maryland
17 (2015 Replacement Volume and 2023 Supplement)

18 BY repealing
19 Article – State Personnel and Pensions
20 Section 22–406(c)(4)(xii) and (11) and 23–407(c)(4)(x) and (11)
21 Annotated Code of Maryland
22 (2015 Replacement Volume and 2023 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 22–406.

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

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

13 (ii) 1. the individual’s current employer is any unit of State
14 government; AND

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

19 3. any portion of the individual’s compensation for the
20 individual’s current employment is derived from State funds, including any fees or
21 penalties collected or received by a unit of State government;] or

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

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

27 (x) a retiree of the Employees’ Retirement System who is
28 reemployed on a contractual basis for not more than 4 years as a parole and probation
29 employee in a position authorized under Title 6, Subtitle 1 of the Correctional Services
30 Article; OR

31 (xi) a retiree of the Teachers’ Retirement System who is reemployed
32 by a local school system or the Maryland School for the Deaf and is rehired in accordance
33 with paragraph (8) of this subsection[; or

34 (xii) a retiree whose:

1 1. current employer is any unit of State government;

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

4 3. position is fully funded by a grant from a non-State source
5 that specifically requires the use of the grant funds to pay the full amount of the
6 compensation for the position].

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

14 (ii) To establish that an individual's compensation from the current
15 employer does not include any State funds, the current employer shall provide the State
16 Retirement Agency with the following:

17 1. except as provided in subparagraph (iii) of this paragraph,
18 a copy of the grant agreement that provides full funding for the individual's position, and
19 specifies that the grant funds must be used to pay the full cost of the position's
20 compensation;

21 2. payroll records of the current employer that demonstrate
22 that the grant funds were used to pay the individual's compensation; and

23 3. any additional information required by the State
24 Retirement Agency.

25 (iii) A block grant or matching grant may not be used to satisfy the
26 requirement under subparagraph (ii)1 of this paragraph.

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

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

33 2. the unit of State government employing the individual
34 under paragraph (4)(xii) of this subsection shall reimburse the Board of Trustees the
35 amount equal to the reduction to the individual's retirement allowance that would have
36 been made in paragraph (2) of this subsection.]

1 23-407.

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

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

10 (ii) 1. the individual's current employer is any unit of State
11 government; AND

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

16 3. any portion of the individual's compensation for the
17 individual's current employment is derived from State funds, including any fees or
18 penalties collected or received by a unit of State government;] or

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

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

25 (viii) a retiree of the Employees' Pension System who is reemployed on
26 a contractual basis for not more than 4 years as a parole and probation employee in a
27 position authorized under Title 6, Subtitle 1 of the Correctional Services Article; OR

28 (ix) a retiree of the Teachers' Pension System who is reemployed by
29 a local school system or the Maryland School for the Deaf and is rehired in accordance with
30 paragraph (8) of this subsection]; or

31 (x) a retiree whose:

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

33 2. compensation from the retiree's current employer does not
34 include any State funds; and

1 3. position is fully funded by a grant from a non-State source
2 that specifically requires the use of the grant funds to pay the full amount of the
3 compensation for the position].

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

11 (ii) To establish that an individual's compensation from the current
12 employer does not include any State funds, the current employer shall provide the State
13 Retirement Agency with the following:

14 1. except as provided in subparagraph (iii) of this paragraph,
15 a copy of the grant agreement that provides full funding for the individual's position, and
16 specifies that the grant funds must be used to pay the full cost of the position's
17 compensation;

18 2. payroll records of the current employer that demonstrate
19 that the grant funds were used to pay the individual's compensation; and

20 3. any additional information required by the State
21 Retirement Agency.

22 (iii) A block grant or matching grant may not be used to satisfy the
23 requirement under subparagraph (ii)1 of this paragraph.

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

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

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

34 SECTION 2. AND BE IT FURTHER ENACTED, That:

35 (a) This section applies to a retiree of the Teachers' Pension System.

1 (b) Notwithstanding § 23–407 of the State Personnel and Pensions Article, the
2 reduction of an allowance does not apply to a retiree:

3 (1) who is jointly employed pursuant to a joint employer agreement
4 between a local employer as defined in § 21–304 of the State Personnel and Pensions Article
5 and the Maryland Association of Boards of Education; and

6 (2) whose salary is fully funded by the Maryland Association of Boards of
7 Education.

8 (c) To establish an individual’s eligibility for an exemption under subsection (b)
9 of this section, for each of the 5 calendar years immediately following the year of the
10 individual’s retirement, the local employer shall provide the State Retirement Agency with:

11 (1) a copy of the joint employer agreement between the local employer and
12 the Maryland Association of Boards of Education;

13 (2) records demonstrating that the individual’s salary was fully funded by
14 the Maryland Association of Boards of Education; and

15 (3) any additional information required by the State Retirement Agency.

16 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
17 be construed to apply retroactively from January 1, 2021.

18 SECTION ~~3~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
19 July 1, 2024. Section 2 of this Act shall remain effective for a period of 6 months and, at the
20 end of December 31, 2024, Section 2 of this Act, with no further action required by the
21 General Assembly, shall be abrogated and of no further force and effect.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.