

Chapter 259

(House Bill 1194)

AN ACT concerning

**Correctional Officers' Retirement System – Reemployment After Retirement –
Exemption From Earnings Offset**

FOR the purpose of exempting a retiree of the Correctional Officers' Retirement System from a certain earnings offset if the retiree is reemployed with ~~a certain~~ participating ~~employer~~ employers; and generally relating to the reemployment of retirees of the Correctional Officers' Retirement System.

BY repealing and reenacting, with amendments,
Article – State Personnel and Pensions
Section 25–403
Annotated Code of Maryland
(2024 Replacement Volume and 2025 Supplement)

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

Article – State Personnel and Pensions

25–403.

(a) Except as provided in subsection (h) of this section, an individual who is receiving a service retirement allowance or vested allowance may accept employment with a participating employer on a permanent, temporary, or contractual basis, if the individual immediately notifies the Board of Trustees~~†~~:

- (1)~~†~~ of the individual's intention to accept the employment~~†~~; and
- (2) of the compensation that the individual will receive~~†~~.

~~†~~(b) (1) The Board of Trustees shall reduce the allowance of an individual who accepts employment as provided under subsection (a) of this section if:

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

(ii) the individual's current employer is any unit of State government and the individual's employer at the time of the individual's last separation from employment with the State before the individual commenced receiving a service retirement allowance or vested allowance was also a unit of State government.

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

(ii) Any reduction taken under this subsection may not reduce the retiree's allowance to an amount less than the required deduction for:

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

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

(iii) The Board of Trustees shall recover from the retiree any difference between the reduction required under subparagraph (i) of this paragraph and the reduction taken under subparagraph (ii) of this paragraph.

(3) The reduction under this subsection does not apply to:

(i) an individual who has been retired for 5 years, beginning on January 1, after the date the individual retires;

(ii) an individual whose average final compensation was less than the minimum annual salary on the standard State pay scale as of January 1 of the preceding calendar year and who is reemployed on a permanent, temporary, or contractual basis;

(iii) an individual who is serving in an elected position as an official of a participating governmental unit or as a constitutional officer for a county that is a participating governmental unit;

(iv) a retiree of the Correctional Officers' Retirement System who is reemployed on a contractual basis for not more than 4 years by the Division of Corrections, the Division of Pretrial Detention and Services, or the Patuxent Institution in the Department of Public Safety and Correctional Services as a correctional officer in a correctional facility defined in § 1-101 of the Correctional Services Article; ~~or~~

(v) a retiree of the Correctional Officers' Retirement System who is reemployed on a contractual basis for not more than 4 years as a parole and probation

employee in a position authorized under Title 6, Subtitle 1 of the Correctional Services Article; OR

(VI) A RETIREE OF THE CORRECTIONAL OFFICERS' RETIREMENT SYSTEM WHO IS EMPLOYED AS A BAILIFF IN A STATE COURT.

~~(B) AN INDIVIDUAL WHO IS RECEIVING A SERVICE RETIREMENT ALLOWANCE OR A VESTED ALLOWANCE AND WHO ACCEPTS EMPLOYMENT WITH A PARTICIPATING EMPLOYER ON A PERMANENT, TEMPORARY, OR CONTRACTUAL BASIS IS NOT SUBJECT TO A REDUCTION TO THE INDIVIDUAL'S ALLOWANCE.~~

(c) An individual who is receiving a service retirement allowance or a vested allowance and who is reemployed by a participating employer may not receive creditable service or eligibility service during the period of reemployment.

(d) The individual's compensation during the period of reemployment may not be subject to the employer pickup provisions of § 21-303 of this article or any reduction or deduction as a member contribution for pension or retirement purposes.

(e) The State Retirement Agency shall institute appropriate reporting procedures with the affected payroll systems to ensure compliance with this section.

(f) ~~¶~~(1) Immediately on the employment of any individual receiving a service retirement allowance or a vested allowance, a participating employer shall notify the State Retirement Agency of the type of employment and the anticipated earnings of the individual.

~~(2)~~ At least once each year, in a format specified by the State Retirement Agency, each participating employer shall provide the State Retirement Agency with a list of all employees included on any payroll of the employer, the Social Security numbers of the employees, and their earnings for that year.

(g) At the request of the State Retirement Agency, a unit of State government shall certify to the State Retirement Agency that the individual was not employed by any unit of State government at the time of the individual's last separation from employment before the individual commenced receiving a service retirement allowance or a vested allowance.

(h) An individual who is receiving a service retirement allowance under this title may not be employed within 45 days of the date the individual retired, on a permanent, temporary, or contractual basis, by:

- (1) the State or other participating employer; or

(2) a withdrawn participating governmental unit, if the retiree was an employee of the withdrawn participating governmental unit while the withdrawn governmental unit was a participating employer.

¶(i) The Division of Corrections, the Division of Pretrial Detention and Services, or the Patuxent Institution in the Department of Public Safety and Correctional Services shall notify the State Retirement Agency of any retirees who qualify under subsection (b)(3)(iv) of this section.

(j) On or before September 1 of each year, the Commissioner of Corrections, the Commissioner of Pretrial Detention and Services, and the Director of the Patuxent Institution in the Department of Public Safety and Correctional Services shall jointly submit a report in accordance with § 2-1257 of the State Government Article to the Joint Committee on Pensions that provides:

(1) the number of rehired retirees under subsection (b)(3)(iv) AND (VI) of this section;

(2) the annual salary of each rehired retiree at the time of retirement and the current annual salary of each rehired retiree;

(3) the number of correctional officers hired who are not retirees; and

(4) the annual salary of each correctional officer who is hired.‡

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2026.

Approved by the Governor, April 28, 2026.