

SENATE BILL 734

P6

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CF HB 1139

By: Senator Lewis Young (Chair, Joint Committee on Pensions)

Introduced and read first time: February 6, 2026

Assigned to: Budget and Taxation

A BILL ENTITLED

1 AN ACT concerning

2 **State Retirement and Pension System – Eligible Governmental Units**

3 FOR the purpose of clarifying that an eligible governmental unit of the Employees' Pension
4 System, the Law Enforcement Officers' Pension System, and the Correctional
5 Officers' Retirement System that satisfies certain requirements is eligible to
6 participate in a certain system of the State Retirement and Pension System only if
7 all employees of the eligible governmental unit participate in the certain system;
8 clarifying that certain documentation by an eligible governmental unit electing to
9 participate in the Employees' Pension System, the Law Enforcement Officers'
10 Pension System, or the Correctional Officers' Retirement System shall include
11 certain properly completed election forms; and generally relating to participating
12 governmental units in the State Retirement and Pension System.

13 BY repealing and reenacting, without amendments,

14 Article – State Personnel and Pensions

15 Section 31–101(a), (d), and (e), 31–102, 31–2A–01(a) and (c), 31–2A–02, 31–2B–01(a)
16 and (c), and 31–2B–02

17 Annotated Code of Maryland

18 (2024 Replacement Volume and 2025 Supplement)

19 BY repealing and reenacting, with amendments,

20 Article – State Personnel and Pensions

21 Section 31–109, 31–109.1, 31–2A–03, 31–2A–03.1, 31–2B–03, and 31–2B–03.1

22 Annotated Code of Maryland

23 (2024 Replacement Volume and 2025 Supplement)

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

25 That the Laws of Maryland read as follows:

26 **Article – State Personnel and Pensions**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 31–101.

2 (a) In this subtitle the following words have the meanings indicated.

3 (d) “Eligible governmental unit” means a governmental unit that is eligible to
4 participate in the employees’ systems under § 31–102 of this subtitle.

5 (e) (1) “Employee” means a regular employee of an eligible governmental unit.

6 (2) “Employee” includes an officer of an eligible governmental unit.

7 (3) “Employee” does not include a contractual, emergency, or temporary
8 extra employee.

9 31–102.

10 Subject to § 22–202(b) of this article and § 31–109 of this subtitle, the governmental
11 units that are eligible to participate in the employees’ systems are:

12 (1) a political subdivision of the State, including:

13 (i) a county;

14 (ii) a municipal corporation; and

15 (iii) a special taxing area; and

16 (2) the following governmental units:

17 (i) an agency on aging, as designated by the legislative body of the
18 agency on aging;

19 (ii) the Allegany County Transit Authority;

20 (iii) subject to § 31–104 of this subtitle, the Baltimore Metropolitan
21 Council;

22 (iv) a board or commission created by an Act of the General Assembly
23 for public purpose and not for the profit of a private person;

24 (v) subject to § 31–105 of this subtitle, the Canal Place Preservation
25 and Development Authority;

26 (vi) the Chesapeake Bay Commission;

27 (vii) a cooperative library commission;

(viii) subject to § 31–103 of this subtitle, a community action agency, as designated by the legislative body of the community action agency;

3 (ix) a fire department that receives any of its funds from or through
4 a county, municipal corporation, special taxing area, or other political subdivision of the
5 State;

6 (x) the Health Planning Council of Appalachia;

7 (xi) the Howard County Economic Development Authority;

8 (xii) the Interstate Commission on the Potomac River Basin;

9 (xiii) the Lower Shore Private Industry Council, Inc.;

10 (xiv) the Maryland Environmental Service;

11 (xv) subject to § 31-106 of this subtitle, the Maryland Stadium
12 Authority;

13 (xvi) a public library association or organization;

14 (xvii) subject to § 31-106.2 of this subtitle, the St. Mary's Nursing
15 Center, Inc.;

16 (xviii) the Tri-County Council for Western Maryland, Inc.;

17 (xix) the Tri-County Council for Southern Maryland;

18 (xx) subject to § 31–107 of this subtitle, the University of Maryland
19 Medical System Corporation;

20 (xi) the Upper Potomac River Commission;

21 (xxii) subject to § 31-106.1 of this subtitle, the Maryland African
22 American Museum Corporation;

23 (xxiii) the Garrett County Office for Children, Youth and Families;

24 (xxiv) the Somerset County Economic Development Commission; and

25 (xxv) the Dorchester County Sanitary Commission.

26 31-109.

4 (1) the legislative body adopts a resolution in the form prescribed by the
5 Board of Trustees; and

6 (2) the eligible governmental unit operates a local plan, only if:

(ii) the eligible governmental unit satisfies the requirements in subsection (b) of this section; and

14 (b) An eligible governmental unit that operates a local plan may approve
15 participation by its employees in the Employees' Pension System only if:

19 (2) the eligible governmental unit:

20 (i) does not provide for the employer pickup of member
21 contributions to the local plan within the meaning of § 414(h)(2) of the Internal Revenue
22 Code; and

23 (ii) certifies that it will not become an approved employer under §
24 21–313 of this article on or after the effective date of participation.

25 (c) (1) If an eligible governmental unit does not satisfy the requirements
26 under subsection (b) of this section, the eligible governmental unit may submit a request to
27 the Board of Trustees to participate in the Employees' Pension System.

1 (D) AN ELIGIBLE GOVERNMENTAL UNIT THAT SATISFIES THE
2 REQUIREMENTS UNDER SUBSECTION (B) OF THIS SECTION IS ELIGIBLE TO
3 PARTICIPATE IN THE EMPLOYEES' PENSION SYSTEM ONLY IF ALL EMPLOYEES OF
4 THE ELIGIBLE GOVERNMENTAL UNIT PARTICIPATE IN THE EMPLOYEES' PENSION
5 SYSTEM.

6 31-109.1.

7 (a) Except as provided in subsection (b) of this section, the effective date of
8 participation for an eligible governmental unit is July 1 of the year following the fiscal year
9 in which the eligible governmental unit elects to participate in the Employees' Pension
10 System.

11 (b) (1) If an eligible governmental unit does not provide the Board of Trustees
12 with the necessary documentation to join the Employees' Pension System on or before the
13 effective date for the eligible governmental unit, the effective date shall be postponed until
14 July 1 of the second year following the fiscal year in which the eligible governmental unit
15 elects to participate in the Employees' Pension System.

16 (2) (1) AN ELIGIBLE GOVERNMENTAL UNIT SHALL CERTIFY TO THE
17 STATE RETIREMENT AGENCY THAT THE ELIGIBLE GOVERNMENTAL UNIT PROVIDED
18 EACH OF ITS EMPLOYEES WHO ARE ELIGIBLE TO ELECT OPTIONAL MEMBERSHIP IN
19 THE EMPLOYEES' PENSION SYSTEM WITH THE NECESSARY DOCUMENTATION
20 REQUIRED BY THE STATE RETIREMENT AGENCY TO MAKE THAT ELECTION.

21 (II) FOR ANY EMPLOYEE OF AN ELIGIBLE GOVERNMENTAL UNIT
22 WHO IS ELIGIBLE FOR OPTIONAL MEMBERSHIP IN THE EMPLOYEES' PENSION
23 SYSTEM, THE NECESSARY DOCUMENTATION UNDER SUBPARAGRAPH (I) OF THIS
24 PARAGRAPH SHALL INCLUDE PROPERLY COMPLETED ELECTION FORMS
25 INDICATING EITHER THAT:

26 1. THE EMPLOYEE INTENDS TO PARTICIPATE IN THE
27 EMPLOYEES' PENSION SYSTEM; OR

28 2. THE EMPLOYEE INTENDS TO OPT OUT OF
29 PARTICIPATION IN THE EMPLOYEES' PENSION SYSTEM.

30 31-2A-01.

31 (a) In this subtitle the following words have the meanings indicated.

32 (c) "Eligible governmental unit" means a governmental unit that is eligible to
33 participate in the Law Enforcement Officers' Pension System under § 31-2A-02 of this
34 subtitle.

1 31–2A–02.

2 Subject to § 31–2A–03 of this subtitle, the governmental units that are eligible to
3 participate in the Law Enforcement Officers' Pension System are:

4 (1) counties; and

5 (2) municipal corporations.

6 31–2A–03.

7 (a) Subject to subsection (b) of this section, the legislative body of an eligible
8 governmental unit may approve participation by its law enforcement officers, firefighters,
9 or emergency medical technicians in the Law Enforcement Officers' Pension System if:

10 (1) the legislative body adopts a resolution in the form prescribed by the
11 Board of Trustees; and

12 (2) the eligible governmental unit participates in a State system or
13 operates a local plan, only if:

14 (i) at least 60% of the law enforcement officers, firefighters, or
15 emergency medical technicians of the eligible governmental unit petition to become
16 members of the Law Enforcement Officers' Pension System;

17 (ii) the eligible governmental unit satisfies the requirements in
18 subsection (b) of this section; and

19 (iii) the legislative body approves participation of its law enforcement
20 officers, firefighters, or emergency medical technicians in lieu of participation in the State
21 system or local plan.

22 (b) An eligible governmental unit that operates a local plan or participates in a
23 State system may approve participation of its law enforcement officers, firefighters, or
24 emergency medical technicians in the Law Enforcement Officers' Pension System only if:

25 (1) the State system or local plan of the eligible governmental unit requires
26 member contributions at the same rate as the member contribution rate that would be
27 applicable to the law enforcement officers, firefighters, or emergency medical technicians
28 of the eligible governmental unit in the Law Enforcement Officers' Pension System; or

29 (2) the eligible governmental unit:

30 (i) does not provide for the employer pickup of member
31 contributions to the State system or local plan within the meaning of § 414(h)(2) of the
32 Internal Revenue Code; and

1 (ii) certifies that it will not become an approved employer under §
2 21-313 of this article on or after the effective date of participation.

(2) The Board of Trustees shall consider a request made under paragraph (1) of this subsection and determine whether any legislation is necessary to allow the eligible governmental unit to participate in the Law Enforcement Officers' Pension System.

13 (D) AN ELIGIBLE GOVERNMENTAL UNIT THAT SATISFIES THE
14 REQUIREMENTS UNDER SUBSECTION (B) OF THIS SECTION IS ELIGIBLE TO
15 PARTICIPATE IN THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM ONLY IF
16 ALL LAW ENFORCEMENT OFFICERS, FIREFIGHTERS, OR EMERGENCY MEDICAL
17 TECHNICIANS OF THE ELIGIBLE GOVERNMENTAL UNIT PARTICIPATE IN THE LAW
18 ENFORCEMENT OFFICERS' PENSION SYSTEM.

19 31-2A-03.1.

24 (b) (1) If an eligible governmental unit does not provide the Board of Trustees
25 with the necessary documentation to join the Law Enforcement Officers' Pension System
26 on or before the effective date for the eligible governmental unit, the effective date shall be
27 postponed until July 1 of the second year following the fiscal year in which the eligible
28 governmental unit elects to participate in the Law Enforcement Officers' Pension System.

1 SUBPARAGRAPH (I) OF THIS PARAGRAPH SHALL INCLUDE PROPERLY COMPLETED
2 ELECTION FORMS INDICATING EITHER THAT:

3 1. THE EMPLOYEE INTENDS TO PARTICIPATE IN THE
4 LAW ENFORCEMENT OFFICERS' PENSION SYSTEM; OR

5 2. THE EMPLOYEE INTENDS TO OPT OUT OF
6 PARTICIPATION IN THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM.

7 31-2B-01.

8 (a) In this subtitle the following words have the meanings indicated.

9 (c) "Eligible governmental unit" means a governmental unit that is eligible to
10 participate in the Correctional Officers' Retirement System under § 31-2B-02 of this
11 subtitle.

12 31-2B-02.

13 Subject to § 31-2B-03 of this subtitle, the governmental units that are eligible to
14 participate in the Correctional Officers' Retirement System are:

15 (1) counties; and

16 (2) municipal corporations.

17 31-2B-03.

18 (a) Subject to subsection (b) of this section, the legislative body of an eligible
19 governmental unit may approve participation by its local detention center officers in the
20 Correctional Officers' Retirement System if:

21 (1) the legislative body adopts a resolution in the form prescribed by the
22 Board of Trustees; and

23 (2) the eligible governmental unit participates in a State system or
24 operates a local plan for its local detention center officers, only if:

25 (i) at least 60% of the local detention center officers of the eligible
26 governmental unit petition to become members of the Correctional Officers' Retirement
27 System;

28 (ii) the eligible governmental unit satisfies the requirements in
29 subsection (b) of this section; and

(iii) the legislative body approves participation of its local detention center officers in lieu of participation in the State system or local plan.

(b) An eligible governmental unit that operates a local plan or participates in a State system may approve participation of its local detention center officers in the Correctional Officers' Retirement System only if:

10 (2) the eligible governmental unit:

11 (i) does not provide for the employer pickup of member
12 contributions to the State system or local plan within the meaning of § 414(h)(2) of the
13 Internal Revenue Code; and

14 (ii) certifies that it will not become an approved employer under §
15 21–313 of this article on or after the effective date of participation.

16 (c) (1) If an eligible governmental unit does not satisfy the requirements
17 under subsection (b) of this section, the eligible governmental unit may submit a request to
18 the Board of Trustees to participate in the Correctional Officers' Retirement System.

26 (D) AN ELIGIBLE GOVERNMENTAL UNIT THAT SATISFIES THE
27 REQUIREMENTS UNDER SUBSECTION (B) OF THIS SECTION IS ELIGIBLE TO
28 PARTICIPATE IN THE CORRECTIONAL OFFICERS' RETIREMENT SYSTEM ONLY IF
29 ALL LOCAL DETENTION CENTER OFFICERS OF THE ELIGIBLE GOVERNMENTAL UNIT
30 PARTICIPATE IN THE CORRECTIONAL OFFICERS' RETIREMENT SYSTEM.

31 31-2B-03.1.

32 (a) Except as provided in subsection (b) of this section, the effective date of
33 participation for an eligible governmental unit is July 1 of the year following the fiscal year
34 in which the eligible governmental unit elects to participate in the Correctional Officers'
35 Retirement System.

1 (b) (1) If an eligible governmental unit does not provide the Board of Trustees
2 with the necessary documentation to join the Correctional Officers' Retirement System on
3 or before the effective date for the eligible governmental unit, the effective date shall be
4 postponed until July 1 of the second year following the fiscal year in which the eligible
5 governmental unit elects to participate in the Correctional Officers' Retirement System.

17 **1. THE EMPLOYEE INTENDS TO PARTICIPATE IN THE**
18 **CORRECTIONAL OFFICERS' RETIREMENT SYSTEM; OR**

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect June
22 1, 2026.