HB 1139

Department of Legislative Services

Maryland General Assembly
2026 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1139 (Delegate Forbes)(Chair, Joint Committee on Pensions)
Appropriations

State Retirement and Pension System - Eligible Governmental Units

This bill clarifies that, for an eligible governmental unit to participate in the Employees' Pension System (EPS), Law Enforcement Officers' Pensions System (LEOPS), or Correctional Officers' Retirement System (CORS) as a participating governmental unit (PGU), all of the unit's eligible employees must participate in the plan. It also requires the unit to certify to SRA that it has provided each of its employees who are eligible to elect optional membership in the State plan with the necessary documentation required by SRA to make that election. The necessary documentation includes election forms indicating affirmatively that an employee does or does not intend to participate in the plan. **The bill takes effect June 1, 2026.**

Fiscal Summary

State Effect: None. The bill is clarifying and procedural in nature and does not directly affect governmental finances.

Local Effect: None. The bill is clarifying and procedural in nature and does not directly affect local governmental finances.

Small Business Effect: None.

Analysis

Current Law: Counties and municipal corporations are eligible to participate in EPS, LEOPS, and CORS, while special taxing areas and specially identified governmental units are also eligible to participate in EPS as PGUs. The legislative body of an eligible governmental unit may approve participation by its employees in one of the

State Retirement and Pension Systems' (SRPS) plans if the legislative body adopts a resolution in the form prescribed by the Board of Trustees of SRPS. For LEOPS, employees eligible to participate in the plan include law enforcement officers, firefighters, or emergency medical technicians, while local detention officers are eligible to participate in CORS.

If the eligible governmental unit participates in a State system or operates a local plan, at least 60% of the eligible members of the local plan must petition to become members of the specified SRPS plan and the legislative body must approve participation in lieu of participation in the State system or local plan. Furthermore, the State system or local plan of the eligible governmental unit must require (1) member contributions of the same rate as the member contribution rate that would be applicable to members of the specified SRPS plan or (2) if the eligible governmental unit does not offer an employer pickup program for member contributions, it must certify that it will not use one following participation in the specified SRPS plan. According to the Internal Revenue Service, a pickup program refers to a retirement plan established by a governmental unit where the contributions of employing units are designated employee contributions, but the employer "picks up" the contributions so that they may be treated as employer contributions for tax purposes.

If the eligible governmental unit approves participation in specified SRPS plan, the effective date of participation is the July 1 following the fiscal year in which the governmental unit elects to participate in the plan. If the unit does not provide the Board of Trustees with the necessary documentation to join the plan on or before the effective date, the effective date will be postponed until July 1 of the second year following the fiscal year in which the unit elects to participate.

If an eligible governmental unit does not satisfy the requirements to participate in the specified SRPS plan, it may still submit a request to the Board of Trustees. The Board of Trustees must consider this request and determine whether any legislation is necessary to allow the governmental unit to participate in the plan. The Board of Trustees must subsequently make recommendations to the Joint Committee on Pension regarding any legislation that it determines is necessary to allow the eligible governmental unit to participate in the specified SRPS plan.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 734 (Senator Lewis Young)(Chair, Joint Committee on Pensions) - Budget and Taxation.

Information Source(s): Maryland Municipal League; State Retirement Agency; Department of Legislative Services

Fiscal Note History: First Reader - March 4, 2026
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