

# SENATE BILL 470

K4, L6

3lr1344

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By: **Senator Mathias**

Introduced and read first time: January 30, 2013

Assigned to: Budget and Taxation

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 25, 2013

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

1 AN ACT concerning

2 **Employees' Pension System – Somerset County Economic Development**  
3 **Commission – Eligible Governmental Unit**

4 FOR the purpose of adding the Somerset County Economic Development Commission  
5 as an eligible governmental unit in the Employees' Pension System; ~~providing~~  
6 ~~that certain individuals are not subject to the reformed contributory pension~~  
7 ~~benefit in the Employees' Pension System;~~ providing that certain individuals  
8 are subject to the alternate contributory pension benefit in the Employees'  
9 Pension System in the same manner as certain other individuals; ~~providing that~~  
10 ~~certain individuals may become subject to the reformed contributory pension~~  
11 ~~benefit in the same manner that an individual who was a member of the~~  
12 ~~Employees' Pension System on a certain date and remains a member on a~~  
13 ~~certain date may be subject to the reformed contributory benefit;~~ providing  
14 certain employees of the Somerset County Economic Development Commission  
15 a certain amount of additional service credit in the Employees' Pension System;  
16 ~~prohibiting certain employees of the Somerset County Economic Development~~  
17 ~~Commission from receiving a certain amount of additional service credit in the~~  
18 ~~Employees' Pension System;~~ and generally relating to employees of the  
19 Somerset County Economic Development Commission participating in the  
20 Employees' Pension System.

21 BY repealing and reenacting, with amendments,  
22 Article – State Personnel and Pensions  
23 Section ~~23-225~~ 23-221, 31-102, 31-111, and 31-116.2  
24 Annotated Code of Maryland

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### 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 (2009 Replacement Volume and 2012 Supplement)

2 BY adding to  
 3 Article – State Personnel and Pensions  
 4 Section 31–111.7  
 5 Annotated Code of Maryland  
 6 (2009 Replacement Volume and 2012 Supplement)

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

9 **Article – State Personnel and Pensions**

10 ~~23–225.~~

11 ~~(a) This Part IV of this subtitle (Reformed Contributory Pension Benefit)~~  
 12 ~~applies to:~~

13 ~~(1) an individual who becomes a member of the Employees' Pension~~  
 14 ~~System or the Teachers' Pension System on or after July 1, 2011; and~~

15 ~~(2) except as provided in § 23–215.1 of this subtitle, a member of the~~  
 16 ~~Employees' Pension System or Teachers' Pension System who separated from~~  
 17 ~~employment on or before June 30, 2011, and subsequently becomes employed in a~~  
 18 ~~position eligible for membership in the Employees' Pension System or the Teachers'~~  
 19 ~~Pension System on or after July 1, 2011.~~

20 ~~(b) This Part IV does not apply to an employee of a participating~~  
 21 ~~governmental unit participating in the Employees' Pension System that has not~~  
 22 ~~elected to participate in the Alternate Contributory Pension Selection under §~~  
 23 ~~31–116.1 of this article or a former participating governmental unit, other than~~  
 24 ~~Frederick County, that has withdrawn from the Employees' Pension System.~~

25 ~~(c) (1) THIS SUBSECTION APPLIES TO AN INDIVIDUAL WHO WAS AN~~  
 26 ~~EMPLOYEE OF THE SOMERSET COUNTY ECONOMIC DEVELOPMENT~~  
 27 ~~COMMISSION ON JUNE 30, 2011, AND WHO REMAINS AN EMPLOYEE THROUGH~~  
 28 ~~THE EFFECTIVE DATE OF PARTICIPATION FOR THE SOMERSET COUNTY~~  
 29 ~~ECONOMIC DEVELOPMENT COMMISSION AS A PARTICIPATING GOVERNMENTAL~~  
 30 ~~UNIT.~~

31 ~~(2) (i) EXCEPT AS PROVIDED IN SUBPARAGRAPH (ii) OF THIS~~  
 32 ~~PARAGRAPH, THIS PART IV OF THIS SUBTITLE DOES NOT APPLY TO AN~~  
 33 ~~INDIVIDUAL DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION, AND AN~~  
 34 ~~INDIVIDUAL DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION SHALL BE~~  
 35 ~~CONSIDERED SUBJECT TO THE ALTERNATE CONTRIBUTORY PENSION BENEFIT~~  
 36 ~~UNDER PART III OF THIS SUBTITLE.~~

~~(H) AN INDIVIDUAL DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION SHALL BE SUBJECT TO THE REFORMED CONTRIBUTORY PENSION BENEFIT UNDER THIS PART IV OF THIS SUBTITLE ONLY IN THE SAME MANNER AS AN INDIVIDUAL WHO WAS A MEMBER OF THE EMPLOYEES' PENSION SYSTEM ON JUNE 30, 2011, AND REMAINED A MEMBER ON JULY 1, 2011, WOULD BECOME SUBJECT TO THE REFORMED CONTRIBUTORY PENSION BENEFIT UNDER THIS ARTICLE.~~

23-221.

(a) In this section, "active member" means a member who is not separated from employment with the State or a participating employer of the State.

(b) Except as provided in subsection [(c)] (D) of this section, this part applies to an individual who on or after June 30, 2006, is:

(1) an active member of the Employees' Pension System or the Teachers' Pension System; or

(2) a member of the Teachers' Retirement System or Employees' Retirement System who is subject to Selection C (Combination Formula) as provided in § 22-221 of this article.

(c) **(1) THIS SUBSECTION APPLIES TO AN INDIVIDUAL WHO WAS AN EMPLOYEE OF THE SOMERSET COUNTY ECONOMIC DEVELOPMENT COMMISSION ON JUNE 30, 2011, AND WHO REMAINS AN EMPLOYEE THROUGH THE EFFECTIVE DATE OF PARTICIPATION FOR THE SOMERSET COUNTY ECONOMIC DEVELOPMENT COMMISSION AS A PARTICIPATING GOVERNMENTAL UNIT.**

**(2) AN INDIVIDUAL DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION SHALL BE CONSIDERED SUBJECT TO THE ALTERNATE CONTRIBUTORY PENSION BENEFIT UNDER PART III OF THIS SUBTITLE IN THE SAME MANNER AS AN INDIVIDUAL WHO WAS A MEMBER OF THE EMPLOYEES' PENSION SYSTEM ON JUNE 30, 2011.**

**(D) This Part III does not apply to:**

(1) an employee of a participating governmental unit participating in the Employees' Pension System that has not elected to participate in the Alternate Contributory Pension Selection under § 31-116.1 of this article or a former participating governmental unit, other than Frederick County, that has withdrawn from the Employees' Pension System; or

1                   (2) a member of the Employees' Pension System or the Teachers'  
2 Pension System who transferred from the Employees' Retirement System or the  
3 Teachers' Retirement System after April 1, 1998.

4 31-102.

5                   Subject to § 22-202(b) of this article, the governmental units that are eligible to  
6 participate in the employees' systems are:

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

8                                 (i) a county;

9                                 (ii) a municipal corporation; and

10                                (iii) a special taxing area; and

11                   (2) the following governmental units:

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

14                                (ii) the Allegany County Transit Authority;

15                                (iii) subject to § 31-104 of this subtitle, the Baltimore  
16 Metropolitan Council;

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

19                                (v) subject to § 31-105 of this subtitle, the Canal Place  
20 Preservation and Development Authority;

21                                (vi) the Chesapeake Bay Commission;

22                                (vii) a cooperative library commission;

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

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

28                                (x) the Health Planning Council of Appalachia;

29                                (xi) the Howard County Economic Development Authority;

- 1 (xii) the Interstate Commission on the Potomac River Basin;
- 2 (xiii) the Lower Shore Private Industry Council, Inc.;
- 3 (xiv) the Maryland Environmental Service;
- 4 (xv) subject to § 31–106 of this subtitle, the Maryland Stadium  
5 Authority;
- 6 (xvi) a public library association or organization;
- 7 (xvii) subject to § 31–106.2 of this subtitle, the St. Mary’s Nursing  
8 Center, Inc.;
- 9 (xviii) the Tri–County Council for Western Maryland, Inc.;
- 10 (xix) the Tri–County Council for Southern Maryland;
- 11 (xx) subject to § 31–107 of this subtitle, the University of  
12 Maryland Medical System Corporation;
- 13 (xxi) the Upper Potomac River Commission;
- 14 (xxii) subject to § 31–106.1 of this subtitle, the Maryland African  
15 American Museum Corporation; [and]
- 16 (xxiii) the Garrett County Office for Children, Youth and Families;

17 **AND**

18 **(XXIV) THE SOMERSET COUNTY ECONOMIC**  
19 **DEVELOPMENT COMMISSION.**

20 31–111.

21 (a) Except as provided in subsection (b) of this section and §§ 31–111.1,  
22 31–111.3, 31–111.4, 31–111.5, [and] 31–111.6, **AND 31–111.7** of this subtitle, if an  
23 employee of a participating governmental unit joins the Employees’ Pension System on  
24 the effective date, the employee is entitled to service credit for employment with the  
25 participating governmental unit before the effective date.

26 (b) If an employee of the Baltimore Metropolitan Council elects to become a  
27 member of the Employees’ Retirement System or the Employees’ Pension System, the  
28 employee may not receive credit for service from July 1, 1992, to the effective date  
29 unless the employee pays to the Board of Trustees the amount of the member  
30 contributions the employee would have made during that period, plus regular interest.

1 31-111.7.

2 (A) ~~(1)~~ SUBJECT TO ~~PARAGRAPH (2)~~ SUBSECTION (B) OF THIS  
 3 ~~SUBSECTION~~ SECTION, AN EMPLOYEE OF THE SOMERSET COUNTY ECONOMIC  
 4 DEVELOPMENT COMMISSION WHO WAS AN EMPLOYEE ON JUNE 30, 2011, AND  
 5 WHO REMAINS AN EMPLOYEE THROUGH THE EFFECTIVE DATE, SHALL RECEIVE  
 6 ADDITIONAL SERVICE CREDIT FOR ELIGIBILITY SERVICE AND CREDITABLE  
 7 SERVICE ACCRUED PRIOR TO THE EFFECTIVE DATE THAT THE SOMERSET  
 8 COUNTY ECONOMIC DEVELOPMENT COMMISSION BEGAN PARTICIPATING IN  
 9 THE EMPLOYEES' PENSION SYSTEM, AS CERTIFIED BY THE SOMERSET COUNTY  
 10 ECONOMIC DEVELOPMENT COMMISSION.

11 ~~(2)~~ (B) ADDITIONAL SERVICE CREDIT UNDER ~~PARAGRAPH (1)~~  
 12 ~~SUBSECTION (A)~~ OF THIS ~~SUBSECTION~~ SECTION SHALL BE AWARDED ONLY FOR  
 13 TIME FOR WHICH EMPLOYEE CONTRIBUTIONS WERE MADE TO THE BOARD OF  
 14 TRUSTEES PRIOR TO THE EFFECTIVE DATE THAT THE SOMERSET COUNTY  
 15 ECONOMIC DEVELOPMENT COMMISSION BEGAN PARTICIPATING IN THE  
 16 EMPLOYEES' PENSION SYSTEM.

17 ~~(B) IF AN EMPLOYEE OR A FORMER EMPLOYEE OF THE SOMERSET~~  
 18 ~~COUNTY ECONOMIC DEVELOPMENT COMMISSION BECOMES A MEMBER OF THE~~  
 19 ~~EMPLOYEES' PENSION SYSTEM AT ANY TIME AFTER THE EFFECTIVE DATE THAT~~  
 20 ~~THE SOMERSET COUNTY ECONOMIC DEVELOPMENT COMMISSION BEGAN~~  
 21 ~~PARTICIPATING IN THE EMPLOYEES' PENSION SYSTEM, THE EMPLOYEE MAY~~  
 22 ~~NOT RECEIVE SERVICE CREDIT FOR EMPLOYMENT WITH THE SOMERSET~~  
 23 ~~COUNTY ECONOMIC DEVELOPMENT COMMISSION THAT OCCURRED BEFORE~~  
 24 ~~THE EFFECTIVE DATE THAT THE SOMERSET COUNTY ECONOMIC~~  
 25 ~~DEVELOPMENT COMMISSION BEGAN PARTICIPATING IN THE EMPLOYEES'~~  
 26 ~~PENSION SYSTEM.~~

27 31-116.2.

28 (a) (1) Except as provided in paragraph (2) of this subsection, this section  
 29 applies to an individual who becomes an employee of a participating governmental  
 30 unit on or after July 1, 2011.

31 (2) This section does not apply to an individual who becomes an  
 32 employee of:

33 (i) a participating governmental unit that on July 1, 2011, is  
 34 participating in the Employees' Pension System and has not elected to participate in  
 35 the Alternate Contributory Pension Selection under § 31-116.1 of this article; or

1                   (ii) a former participating governmental unit, other than  
2 Frederick County, that has withdrawn from the Employees' Pension System on or  
3 before June 30, 2011.

4                   (b) An individual described in subsection (a) of this section is subject to the  
5 reformed contributory pension benefit under Title 23, Subtitle 2, Part IV of this  
6 article.

7                   (c) **(1) THIS SUBSECTION APPLIES TO AN INDIVIDUAL WHO WAS AN**  
8 **EMPLOYEE OF THE SOMERSET COUNTY ECONOMIC DEVELOPMENT**  
9 **COMMISSION ON JUNE 30, 2011, AND WHO REMAINS AN EMPLOYEE THROUGH**  
10 **THE EFFECTIVE DATE OF PARTICIPATION FOR THE SOMERSET COUNTY**  
11 **ECONOMIC DEVELOPMENT COMMISSION AS A PARTICIPATING GOVERNMENTAL**  
12 **UNIT.**

13                   (2) ~~(i) EXCEPT AS PROVIDED IN SUBPARAGRAPH (ii) OF THIS~~  
14 ~~PARAGRAPH, TITLE 23, SUBTITLE 2, PART IV OF THIS ARTICLE DOES NOT~~  
15 ~~APPLY TO AN INDIVIDUAL DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION,~~  
16 ~~AND AN AN INDIVIDUAL DESCRIBED IN PARAGRAPH (1) OF THIS SUBSECTION~~  
17 ~~SHALL BE CONSIDERED SUBJECT TO THE ALTERNATE CONTRIBUTORY PENSION~~  
18 ~~BENEFIT UNDER TITLE 23, SUBTITLE 2, PART III OF THIS ARTICLE IN THE SAME~~  
19 ~~MANNER AS AN INDIVIDUAL WHO WAS A MEMBER OF THE EMPLOYEES' PENSION~~  
20 ~~SYSTEM ON JUNE 30, 2011.~~

21                   ~~(ii) AN INDIVIDUAL DESCRIBED IN PARAGRAPH (1) OF THIS~~  
22 ~~SUBSECTION SHALL BE SUBJECT TO THE REFORMED CONTRIBUTORY PENSION~~  
23 ~~BENEFIT UNDER THIS PART IV OF THIS SUBTITLE ONLY IN THE SAME MANNER~~  
24 ~~AS AN INDIVIDUAL WHO WAS A MEMBER OF THE EMPLOYEES' PENSION SYSTEM~~  
25 ~~ON JUNE 30, 2011, AND REMAINED A MEMBER ON JULY 1, 2011, WOULD~~  
26 ~~BECOME SUBJECT TO THE REFORMED CONTRIBUTORY PENSION BENEFIT~~  
27 ~~UNDER THIS ARTICLE.~~

28                   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
29 July 1, 2013.