

Chapter 192

(House Bill 541)

AN ACT concerning

State Retirement and Pension System – Earnable Compensation, Nonvested Former Members, and Immediate Vesting ~~– Return of Accumulated Contributions~~

FOR the purpose of specifying that the definition of “earnable compensation” does not include certain payments; requiring the Board of Trustees for the State Retirement and Pension System to pay a nonvested former member’s accumulated contributions to the nonvested former member’s designated beneficiary or estate if the nonvested former member dies before withdrawing the member’s contributions; providing a list of individuals who immediately vest on taking certain offices; and generally relating to ~~payments of accumulated contributions~~ the State Pension and Retirement System.

BY repealing and reenacting, without amendments,

Article – State Personnel and Pensions
Section 20–101(a)
Annotated Code of Maryland
(2015 Replacement Volume and 2022 Supplement)

BY repealing and reenacting, with amendments,

Article – State Personnel and Pensions
Section 20–101(o), 29–207, and 29–304
Annotated Code of Maryland
(2015 Replacement Volume and 2022 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

20–101.

(a) In this Division II the following words have the meanings indicated.

(o) **(1)** “Earnable compensation” means one–twelfth of the member’s annual salary rate payable for working the normal time in the member’s position, including:

[(1)] (I) the employer pickup contribution provided for in § 21–312 of this article; or

[(2)] (II) a contribution made under a salary reduction or supplemental retirement plan in accordance with Title 35 of this article.

(2) “EARNABLE COMPENSATION” DOES NOT INCLUDE:

(I) A LUMP SUM PAYMENT BY A PARTICIPATING EMPLOYER THAT REPRESENTS A RETROACTIVE SALARY INCREASE TO ONE OR MORE CLASSES OF EMPLOYEES FOR PERIODS OF EMPLOYMENT THAT TOOK PLACE BEFORE THE AWARD OF THE PAYMENT; AND

(II) ANY OTHER PAYMENT THAT THE BOARD OF TRUSTEES DETERMINES IS NOT PART OF A MEMBER’S ANNUAL SALARY RATE PAYABLE FOR WORKING THE NORMAL TIME IN THE MEMBER’S POSITION.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article – State Personnel and Pensions

29–207.

(A) If a former member who is eligible for a vested allowance dies before payment of the vested allowance starts, the Board of Trustees, after receiving proof of death, shall pay the former member’s accumulated contributions to:

- (1) the designated beneficiary; or
- (2) if there is no designated beneficiary, the former member’s estate.

(B) IF A FORMER MEMBER WHO IS NOT ELIGIBLE FOR A VESTED ALLOWANCE DIES BEFORE WITHDRAWING THE FORMER MEMBER’S ACCUMULATED CONTRIBUTIONS, THE BOARD OF TRUSTEES, AFTER RECEIVING PROOF OF DEATH, SHALL PAY THE FORMER MEMBER’S ACCUMULATED CONTRIBUTIONS TO:

- (1) THE DESIGNATED BENEFICIARY; OR**
- (2) IF THERE IS NO DESIGNATED BENEFICIARY, THE FORMER MEMBER’S ESTATE.**

29–304.

[(a)] An individual shall have immediate vesting rights on taking office in the State system in which the individual is a member if the individual is **THE:**

- (1) [a secretary of a principal department of the State government; or
- (2) a head of a department, an office, or any other unit of State government:
 - (i) serving at the Governor's pleasure; or
 - (ii) appointed by the Governor for a fixed term and is in the position
on or after June 1, 2022.

(b) An individual who commences employment as the Executive Director of the State Retirement Agency on or after January 1, 2021, shall have immediate vesting rights in the Employees' Pension System.] SECRETARY OF A PRINCIPAL DEPARTMENT OF THE EXECUTIVE BRANCH OF STATE GOVERNMENT AS PROVIDED UNDER § 8-201 OF THE STATE GOVERNMENT ARTICLE;

(2) EXECUTIVE DIRECTOR OF THE ALCOHOL AND TOBACCO COMMISSION;

(3) ADJUTANT GENERAL OF THE MILITARY DEPARTMENT;

(4) CHAIR OF THE STATE BOARD OF CONTRACT APPEALS;

(5) CHAIR OF THE PUBLIC SERVICE COMMISSION;

(6) CHAIR OF THE WORKERS' COMPENSATION COMMISSION;

(7) CHIEF ADMINISTRATIVE LAW JUDGE OF THE OFFICE OF ADMINISTRATIVE HEARINGS;

(8) DIRECTOR OF THE HEALTH CARE ALTERNATIVE DISPUTE RESOLUTION OFFICE;

(9) DIRECTOR OF THE MARYLAND ENERGY ADMINISTRATION;

(10) DIRECTOR OF THE OFFICE OF THE DEAF AND HARD OF HEARING;

(11) DIRECTOR OF THE OFFICE OF HOMELAND SECURITY;

(12) DIRECTOR OF THE OFFICE OF PERFORMANCE IMPROVEMENT;

(13) DIRECTOR OF THE STATE DEPARTMENT OF ASSESSMENTS AND TAXATION;

(14) DIRECTOR OF THE STATE LOTTERY AND GAMING CONTROL AGENCY;

(15) EXECUTIVE DIRECTOR OF THE GOVERNOR'S OFFICE OF COMMUNITY AND CRIME;

(16) EXECUTIVE DIRECTOR OF THE GOVERNOR'S OFFICE OF CRIME PREVENTION, YOUTH, AND VICTIM SERVICES;

(17) EXECUTIVE DIRECTOR OF THE STATE RETIREMENT AGENCY;

(18) INSURANCE COMMISSIONER OF THE MARYLAND INSURANCE ADMINISTRATION;

(19) SPECIAL SECRETARY OF THE OFFICE OF SMALL, MINORITY, AND WOMEN BUSINESS AFFAIRS;

(20) STATE ARCHIVIST; OR

(21) STATE PROSECUTOR OF THE STATE PROSECUTOR'S OFFICE.

SECTION 3. AND BE IT FURTHER ENACTED, That:

(a) This section does not apply to any lump sum payment by the Maryland Department of Transportation made on or after July 1, 2022, and before July 1, 2023, that represents a retroactive salary increase to one or more classes of employees for periods of employment that took place on or before the award of the payment, if member and employer contributions on the payments were made to the State Retirement and Pension System.

(b) Except as provided in subsection (a) of this section, Section 1 of this Act shall be construed to apply retroactively and shall be applied to any lump sum payment by a participating employer on or after July 1, 2022, that represents a retroactive salary increase to one or more classes of employees for periods of employment that took place before the award of the payment ~~on or after July 1, 2022, and before July 1, 2023.~~

SECTION ~~2~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2023.

Approved by the Governor, April 24, 2023.