

Chapter 67

(Senate Bill 366)

AN ACT concerning

Teachers' Pension System Employees' and Teachers' Retirement and Pension Systems – Reemployment of Retirees

FOR the purpose of repealing a certain exemption from certain reemployed retiree earnings offsets for certain retirees of the Employees' and Teachers' Retirement and Pension Systems; repealing certain requirements that certain participating employers pay certain offsets under certain circumstances; establishing an exemption from a reemployed retiree earnings offset for retirees of the Teachers' Pension System who are reemployed by certain employers if the retiree's salary is funded from certain sources; providing for the retroactive application of a certain section of this Act; and generally relating to reemployed retirees of the ~~Teachers' Pension System~~ Employees' and Teachers' Retirement and Pension Systems.

BY repealing and reenacting, with amendments,

Article – State Personnel and Pensions

Section 22–406(c)(1) and (4)(x) and (xi) and 23–407(c)(1) and (4)(viii) and (ix)

Annotated Code of Maryland

(2015 Replacement Volume and 2023 Supplement)

BY repealing

Article – State Personnel and Pensions

Section 22–406(c)(4)(xii) and (11) and 23–407(c)(4)(x) and (11)

Annotated Code of Maryland

(2015 Replacement Volume and 2023 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

22–406.

(c) (1) Except as provided in § 22–407 of this subtitle, the Board of Trustees shall reduce the allowance of an individual who accepts employment as provided under subsection (b) 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;

(ii) 1. the individual's current employer is any unit of State government; AND

2. 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; [and

3. any portion of the individual's compensation for the individual's current employment is derived from State funds, including any fees or penalties collected or received by a unit of State government;] or

(iii) the individual becomes reemployed within 12 months of receiving an early service retirement allowance under § 22-402 of this subtitle.

(4) Except for an individual whose allowance is subject to a reduction as provided under paragraphs (1)(iii) and (3) of this subsection, the reduction of an allowance under this subsection does not apply to:

(x) a retiree of the Employees' 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

(xi) a retiree of the Teachers' Retirement System who is reemployed by a local school system or the Maryland School for the Deaf and is rehired in accordance with paragraph (8) of this subsection[; or

(xii) a retiree whose:

1. current employer is any unit of State government;

2. compensation from the retiree's current employer does not include any State funds; and

3. position is fully funded by a grant from a non-State source that specifically requires the use of the grant funds to pay the full amount of the compensation for the position].

[(11) (i) Within 30 days after rehiring an individual under paragraph (4)(xii) of this subsection, and on or before January 31 each year for the 5 calendar years immediately following the individual's date of retirement, the appointing authority of the unit of State government employing the individual shall complete and file with the Board of Trustees a form provided by the Board of Trustees that certifies that the individual

rehired by the individual's current employer under paragraph (4)(xii) of this subsection satisfied the criteria provided in paragraph (4)(xii) of this subsection.

(ii) To establish that an individual's compensation from the current employer does not include any State funds, the current employer shall provide the State Retirement Agency with the following:

1. except as provided in subparagraph (iii) of this paragraph, a copy of the grant agreement that provides full funding for the individual's position, and specifies that the grant funds must be used to pay the full cost of the position's compensation;

2. payroll records of the current employer that demonstrate that the grant funds were used to pay the individual's compensation; and

3. any additional information required by the State Retirement Agency.

(iii) A block grant or matching grant may not be used to satisfy the requirement under subparagraph (ii)1 of this paragraph.

(iv) If the Board of Trustees finds that an appointing authority has rehired an individual that does not satisfy the criteria provided in paragraph (4)(xii) of this subsection:

1. on or before July 1 of the year of the finding, the Board of Trustees shall notify the appointing authority for the unit of State government employing this individual; and

2. the unit of State government employing the individual under paragraph (4)(xii) of this subsection shall reimburse the Board of Trustees the amount equal to the reduction to the individual's retirement allowance that would have been made in paragraph (2) of this subsection.]

23-407.

(c) (1) Except as provided in § 23-408 of this subtitle, the Board of Trustees shall reduce the allowance of an individual who accepts employment as provided under subsection (b) 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;

(ii) 1. the individual's current employer is any unit of State government; AND

2. 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; [and

3. any portion of the individual's compensation for the individual's current employment is derived from State funds, including any fees or penalties collected or received by a unit of State government;] or

(iii) the individual becomes reemployed within 12 months of receiving an early service retirement allowance or an early vested allowance computed under § 23-402 of this subtitle.

(4) Except for an individual whose allowance is subject to a reduction as provided under paragraphs (1)(iii) and (3) of this subsection, the reduction of an allowance under this subsection does not apply to:

(viii) a retiree of the Employees' Pension 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

(ix) a retiree of the Teachers' Pension System who is reemployed by a local school system or the Maryland School for the Deaf and is rehired in accordance with paragraph (8) of this subsection[; or

(x) a retiree whose:

1. current employer is any unit of State government;

2. compensation from the retiree's current employer does not include any State funds; and

3. position is fully funded by a grant from a non-State source that specifically requires the use of the grant funds to pay the full amount of the compensation for the position].

[(11) (i) Within 30 days after rehiring an individual under paragraph (4)(x) of this subsection, and on or before January 31 each year for the 5 calendar years immediately following the individual's date of retirement, the appointing authority of the unit of State government employing the individual shall complete and file with the Board of Trustees a form provided by the Board of Trustees that certifies that the individual

rehired by the individual's current employer under paragraph (4)(x) of this subsection satisfied the criteria provided in paragraph (4)(x) of this subsection.

(ii) To establish that an individual's compensation from the current employer does not include any State funds, the current employer shall provide the State Retirement Agency with the following:

1. except as provided in subparagraph (iii) of this paragraph, a copy of the grant agreement that provides full funding for the individual's position, and specifies that the grant funds must be used to pay the full cost of the position's compensation;

2. payroll records of the current employer that demonstrate that the grant funds were used to pay the individual's compensation; and

3. any additional information required by the State Retirement Agency.

(iii) A block grant or matching grant may not be used to satisfy the requirement under subparagraph (ii)1 of this paragraph.

(iv) If the Board of Trustees finds that an appointing authority has rehired an individual that does not satisfy the criteria provided in paragraph (4)(x) of this subsection:

1. on or before July 1 of the year of the finding, the Board of Trustees shall notify the appointing authority for the unit of State government employing this individual; and

2. the unit of State government employing the individual under paragraph (4)(x) of this subsection shall reimburse the Board of Trustees the amount equal to the reduction to the individual's retirement allowance that would have been made in paragraph (2) of this subsection.]

SECTION 2. AND BE IT FURTHER ENACTED, That:

(a) This section applies to a retiree of the Teachers' Pension System.

(b) Notwithstanding § 23-407 of the State Personnel and Pensions Article, the reduction of an allowance does not apply to a retiree:

(1) who is jointly employed pursuant to a joint employer agreement between a local employer as defined in § 21-304 of the State Personnel and Pensions Article and the Maryland Association of Boards of Education; and

(2) whose salary is fully funded by the Maryland Association of Boards of Education.

(c) To establish an individual's eligibility for an exemption under subsection (b) of this section, for each of the 5 calendar years immediately following the year of the individual's retirement, the local employer shall provide the State Retirement Agency with:

(1) a copy of the joint employer agreement between the local employer and the Maryland Association of Boards of Education;

(2) records demonstrating that the individual's salary was fully funded by the Maryland Association of Boards of Education; and

(3) any additional information required by the State Retirement Agency.

SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall be construed to apply retroactively from January 1, 2021.

SECTION ~~3~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2024. Section 2 of this Act shall remain effective for a period of 6 months and, at the end of December 31, 2024, Section 2 of this Act, with no further action required by the General Assembly, shall be abrogated and of no further force and effect.

Approved by the Governor, April 9, 2024.