

# HOUSE BILL 424

P6

(3lr1355)

## ENROLLED BILL

— Appropriations/Budget and Taxation —

Introduced by **Delegates Simpson, Acevero, Boaf, Crutchfield, Foley, Lopez, and Simmons**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this \_\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_\_ M.

\_\_\_\_\_  
Speaker.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **State Retirement and Pension System – Nonvested Accounts – Regular Interest**

3 FOR the purpose of requiring a certain rate of interest on certain member contributions in  
4 an active member's nonvested account in the State Retirement and Pension System  
5 if the member has not withdrawn contributions from the nonvested account and is  
6 not eligible to receive a certain vested allowance; *providing for the retroactive*  
7 *application of this Act*; and generally relating to the accrual of interest on member  
8 contributions in the State Retirement and Pension System.

9 BY repealing and reenacting, with amendments,  
10 Article – State Personnel and Pensions  
11 Section 22–215, 23–213, 24–206, 25–204, 26–205, and 27–203  
12 Annotated Code of Maryland  
13 (2015 Replacement Volume and 2022 Supplement)

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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.

*Italics* indicate opposite chamber/conference committee amendments.



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

3 **Article – State Personnel and Pensions**

4 22–215.

5 (a) Except as provided in subsection (b) of this section, regular interest is payable  
6 on member contributions at the rate of 4% a year compounded annually, until retirement  
7 or withdrawal of the accumulated contributions.

8 (b) **[No] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, NO**  
9 further interest shall be paid on member contributions after membership ends if the former  
10 member is not eligible to receive a vested allowance under Title 29, Subtitle 3 of this article.

11 (c) **(1) IN THIS SUBSECTION, “ACTIVE MEMBER” MEANS A MEMBER WHO**  
12 **IS NOT SEPARATED FROM EMPLOYMENT WITH THE STATE OR A PARTICIPATING**  
13 **EMPLOYER OF ONE OF THE SEVERAL SYSTEMS.**

14 **(2) THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHO:**

15 **(i) IS A FORMER MEMBER OF THE EMPLOYEES’ RETIREMENT**  
16 **SYSTEM OR THE TEACHERS’ RETIREMENT SYSTEM;**

17 **(ii) IS NOT ELIGIBLE TO RECEIVE A VESTED ALLOWANCE FROM**  
18 **THE EMPLOYEES’ RETIREMENT SYSTEM OR THE TEACHERS’ RETIREMENT SYSTEM**  
19 **UNDER TITLE 29, SUBTITLE 3 OF THIS ARTICLE;**

20 **(iii) HAS NOT WITHDRAWN THE INDIVIDUAL’S MEMBER**  
21 **CONTRIBUTIONS FROM THE EMPLOYEES’ RETIREMENT SYSTEM OR THE TEACHERS’**  
22 **RETIREMENT SYSTEM; AND**

23 **(iv) IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.**

24 **(3) AN INDIVIDUAL DESCRIBED IN PARAGRAPH (2) OF THIS**  
25 **SUBSECTION SHALL RECEIVE REGULAR INTEREST AT THE RATE DESCRIBED UNDER**  
26 **SUBSECTION (A) OF THIS SECTION ON THE INDIVIDUAL’S MEMBER CONTRIBUTIONS**  
27 **IN A NONVESTED ACCOUNT IN THE EMPLOYEES’ RETIREMENT SYSTEM OR THE**  
28 **TEACHERS’ RETIREMENT SYSTEM WHILE THE INDIVIDUAL IS AN ACTIVE MEMBER**  
29 **OF ONE OF THE SEVERAL SYSTEMS.**

30 23–213.

1 (a) Except as provided in subsection (b) of this section, regular interest is payable  
 2 on member contributions at the rate of 5% per year compounded annually until retirement  
 3 or withdrawal of contributions and interest.

4 (b) Except as provided in ~~subsection (c)] SUBSECTIONS (C) AND (D)~~ of this  
 5 section, no further interest shall be paid on member contributions after membership ends  
 6 if the former member is not eligible to receive a vested allowance under Title 29, Subtitle 3  
 7 of this article.

8 (c) (1) In this subsection, “active member” means a member who is not  
 9 separated from employment with the State or a participating employer of ~~the Employees’~~  
 10 ~~Pension System or the Teachers’ Pension System~~ ONE OF THE SEVERAL SYSTEMS.

11 (2) This subsection applies only to an individual who:

12 (i) is a former member of the ~~Alternate Contributory Pension~~  
 13 ~~Selection~~ EMPLOYEES’ PENSION SYSTEM OR THE TEACHERS’ PENSION SYSTEM;

14 (ii) is not eligible to receive a vested allowance from the ~~Alternate~~  
 15 ~~Contributory Pension Selection~~ EMPLOYEES’ PENSION SYSTEM OR THE TEACHERS’  
 16 PENSION SYSTEM under Title 29, Subtitle 3 of this article;

17 (iii) has not withdrawn the individual’s member contributions from  
 18 the ~~Alternate Contributory Pension Selection~~ EMPLOYEES’ PENSION SYSTEM OR THE  
 19 TEACHERS’ PENSION SYSTEM; and

20 (iv) is an active member ~~subject to the Reformed Contributory~~  
 21 ~~Pension Benefit~~ OF ONE OF THE SEVERAL SYSTEMS.

22 (3) An individual described in paragraph (2) of this subsection shall receive  
 23 regular interest at the rate described under subsection (a) of this section on the individual’s  
 24 member contributions in ~~the Alternate Contributory Pension Selection~~ A NONVESTED  
 25 ACCOUNT IN THE EMPLOYEES’ PENSION SYSTEM OR THE TEACHERS’ PENSION  
 26 SYSTEM while the individual is an active member ~~subject to the Reformed Contributory~~  
 27 ~~Pension Benefit~~ OF ONE OF THE SEVERAL SYSTEMS.

28 ~~(D) (1) IN THIS SUBSECTION, “ACTIVE MEMBER” MEANS A MEMBER WHO~~  
 29 ~~IS NOT SEPARATED FROM EMPLOYMENT WITH THE STATE OR A PARTICIPATING~~  
 30 ~~EMPLOYER OF ONE OF THE SEVERAL SYSTEMS.~~

31 ~~(2) THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHO:~~

32 ~~(i) IS A FORMER MEMBER OF THE EMPLOYEES’ PENSION~~  
 33 ~~SYSTEM;~~

~~(H) IS NOT ELIGIBLE TO RECEIVE A VESTED ALLOWANCE FROM THE EMPLOYEES' PENSION SYSTEM UNDER TITLE 29, SUBTITLE 3 OF THIS ARTICLE;~~

~~(II) HAS NOT WITHDRAWN THE INDIVIDUAL'S MEMBER CONTRIBUTIONS FROM THE EMPLOYEES' PENSION SYSTEM; AND~~

~~(IV) IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.~~

~~(3) AN INDIVIDUAL DESCRIBED IN PARAGRAPH (2) OF THIS SUBSECTION SHALL RECEIVE REGULAR INTEREST AT THE RATE DESCRIBED UNDER SUBSECTION (A) OF THIS SECTION ON THE INDIVIDUAL'S MEMBER CONTRIBUTIONS IN A NONVESTED ACCOUNT IN THE EMPLOYEES' PENSION SYSTEM WHILE THE INDIVIDUAL IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.~~

24-206.

(a) Except as provided in subsection (b) of this section, regular interest is payable on member contributions at the rate of 4% a year, compounded annually, until retirement or withdrawal of the accumulated contributions.

(b) [No] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, NO further interest shall be paid on member contributions after membership ends if the former member is not eligible to receive a vested allowance under Title 29, Subtitle 3 of this article.

(c) (1) IN THIS SUBSECTION, "ACTIVE MEMBER" MEANS A MEMBER WHO IS NOT SEPARATED FROM EMPLOYMENT WITH THE STATE OR A PARTICIPATING EMPLOYER OF ONE OF THE SEVERAL SYSTEMS.

(2) THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHO:

(i) IS A FORMER MEMBER OF THE STATE POLICE RETIREMENT SYSTEM;

(ii) IS NOT ELIGIBLE TO RECEIVE A VESTED ALLOWANCE FROM THE STATE POLICE RETIREMENT SYSTEM UNDER TITLE 29, SUBTITLE 3 OF THIS ARTICLE;

(iii) HAS NOT WITHDRAWN THE INDIVIDUAL'S MEMBER CONTRIBUTIONS FROM THE STATE POLICE RETIREMENT SYSTEM; AND

(iv) IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.

(3) AN INDIVIDUAL DESCRIBED IN PARAGRAPH (2) OF THIS SUBSECTION SHALL RECEIVE REGULAR INTEREST AT THE RATE DESCRIBED UNDER SUBSECTION (A) OF THIS SECTION ON THE INDIVIDUAL'S MEMBER CONTRIBUTIONS

1 IN A NONVESTED ACCOUNT IN THE STATE POLICE RETIREMENT SYSTEM WHILE THE  
2 INDIVIDUAL IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.

3 25–204.

4 (a) Except as provided in subsection (b) of this section, regular interest is payable  
5 on member contributions at the rate of 4% a year, compounded annually, until retirement  
6 or withdrawal of the accumulated contributions.

7 (b) **[No] EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, NO**  
8 further interest shall be paid on member contributions after membership ends if the former  
9 member is not eligible to receive a vested allowance under Title 29, Subtitle 3 of this article.

10 (c) (1) **IN THIS SUBSECTION, “ACTIVE MEMBER” MEANS A MEMBER WHO**  
11 **IS NOT SEPARATED FROM EMPLOYMENT WITH THE STATE OR A PARTICIPATING**  
12 **EMPLOYER OF ONE OF THE SEVERAL SYSTEMS.**

13 (2) **THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHO:**

14 (i) **IS A FORMER MEMBER OF THE CORRECTIONAL OFFICERS’**  
15 **RETIREMENT SYSTEM;**

16 (ii) **IS NOT ELIGIBLE TO RECEIVE A VESTED ALLOWANCE FROM**  
17 **THE CORRECTIONAL OFFICERS’ RETIREMENT SYSTEM UNDER TITLE 29, SUBTITLE**  
18 **3 OF THIS ARTICLE;**

19 (iii) **HAS NOT WITHDRAWN THE INDIVIDUAL’S MEMBER**  
20 **CONTRIBUTIONS FROM THE CORRECTIONAL OFFICERS’ RETIREMENT SYSTEM; AND**

21 (iv) **IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.**

22 (3) **AN INDIVIDUAL DESCRIBED IN PARAGRAPH (2) OF THIS**  
23 **SUBSECTION SHALL RECEIVE REGULAR INTEREST AT THE RATE DESCRIBED UNDER**  
24 **SUBSECTION (A) OF THIS SECTION ON THE INDIVIDUAL’S MEMBER CONTRIBUTIONS**  
25 **IN A NONVESTED ACCOUNT IN THE CORRECTIONAL OFFICERS’ RETIREMENT**  
26 **SYSTEM WHILE THE INDIVIDUAL IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL**  
27 **SYSTEMS.**

28 26–205.

29 (a) Except as provided in subsection (b) of this section, regular interest is payable  
30 on member contributions until retirement or withdrawal of accumulated contributions at  
31 the rate of:

1 (1) 4% a year, compounded annually, for a member who has transferred  
2 from the Employees' Retirement System on or before December 31, 2004; or

3 (2) 5% a year, compounded annually, for each other member.

4 (b) [No] **EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION, NO**  
5 further interest shall be paid on member contributions after membership ends if the former  
6 member is not eligible to receive a vested allowance under Title 29, Subtitle 3 of this article.

7 (c) (1) **IN THIS SUBSECTION, "ACTIVE MEMBER" MEANS A MEMBER WHO**  
8 **IS NOT SEPARATED FROM EMPLOYMENT WITH THE STATE OR A PARTICIPATING**  
9 **EMPLOYER OF ONE OF THE SEVERAL SYSTEMS.**

10 (2) **THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHO:**

11 (i) **IS A FORMER MEMBER OF THE LAW ENFORCEMENT**  
12 **OFFICERS' PENSION SYSTEM;**

13 (ii) **IS NOT ELIGIBLE TO RECEIVE A VESTED ALLOWANCE FROM**  
14 **THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM UNDER TITLE 29, SUBTITLE**  
15 **3 OF THIS ARTICLE;**

16 (iii) **HAS NOT WITHDRAWN THE INDIVIDUAL'S MEMBER**  
17 **CONTRIBUTIONS FROM THE LAW ENFORCEMENT OFFICERS' PENSION SYSTEM; AND**

18 (iv) **IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.**

19 (3) **AN INDIVIDUAL DESCRIBED IN PARAGRAPH (2) OF THIS**  
20 **SUBSECTION SHALL RECEIVE REGULAR INTEREST AT THE RATE DESCRIBED UNDER**  
21 **SUBSECTION (A) OF THIS SECTION ON THE INDIVIDUAL'S MEMBER CONTRIBUTIONS**  
22 **IN A NONVESTED ACCOUNT IN THE LAW ENFORCEMENT OFFICERS' PENSION**  
23 **SYSTEM WHILE THE INDIVIDUAL IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL**  
24 **SYSTEMS.**

25 27-203.

26 (a) Except as provided in subsection (b) of this section, regular interest is payable  
27 on member contributions at the rate of 4% a year compounded annually, until retirement  
28 or withdrawal of the accumulated contributions.

29 (b) (1) This subsection applies only to an individual who becomes a member of  
30 the Judges' Retirement System on or after July 1, 2012.

31 (2) [No] **EXCEPT AS PROVIDED IN SUBSECTION (C) OF THIS SECTION,**  
32 **NO** further interest shall be paid on member contributions after membership ends if the

1 former member is not eligible to receive a vested allowance under Title 29, Subtitle 3 of this  
2 article.

3 (C) (1) IN THIS SUBSECTION, “ACTIVE MEMBER” MEANS A MEMBER WHO  
4 IS NOT SEPARATED FROM EMPLOYMENT WITH THE STATE OR A PARTICIPATING  
5 EMPLOYER OF ONE OF THE SEVERAL SYSTEMS.

6 (2) THIS SUBSECTION APPLIES ONLY TO AN INDIVIDUAL WHO:

7 (I) IS A FORMER MEMBER OF THE JUDGES’ RETIREMENT  
8 SYSTEM;

9 (II) IS NOT ELIGIBLE TO RECEIVE A VESTED ALLOWANCE FROM  
10 THE JUDGES’ RETIREMENT SYSTEM UNDER TITLE 29, SUBTITLE 3 OF THIS  
11 ARTICLE;

12 (III) HAS NOT WITHDRAWN THE INDIVIDUAL’S MEMBER  
13 CONTRIBUTIONS FROM THE JUDGES’ RETIREMENT SYSTEM; AND

14 (IV) IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.

15 (3) AN INDIVIDUAL DESCRIBED IN PARAGRAPH (2) OF THIS  
16 SUBSECTION SHALL RECEIVE REGULAR INTEREST AT THE RATE DESCRIBED UNDER  
17 SUBSECTION (A) OF THIS SECTION ON THE INDIVIDUAL’S MEMBER CONTRIBUTIONS  
18 IN A NONVESTED ACCOUNT IN THE JUDGES’ RETIREMENT SYSTEM WHILE THE  
19 INDIVIDUAL IS AN ACTIVE MEMBER OF ONE OF THE SEVERAL SYSTEMS.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to  
21 apply retroactively and shall be applied to and interpreted to provide payment of interest on  
22 an individual’s contributions as a former member in one of the several systems of the State  
23 Retirement and Pension System beginning on the date the individual became a member of  
24 one of the several systems if the individual is an active member of one of the several systems  
25 on the effective date of this Act.

26 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
27 July 1, 2023.