

HOUSE BILL 645

L6, E4
HB 971/18 – APP

9lr0843

By: **Delegates Lisanti, Chang, Fennell, Jackson, Johnson, Krebs, Krimm, Rose, Shoemaker, and P. Young**

Introduced and read first time: February 6, 2019

Assigned to: Appropriations

Committee Report: Favorable

House action: Adopted

Read second time: February 26, 2019

CHAPTER _____

1 AN ACT concerning

2 **Local Pension Systems – Special Disability Retirement Allowance**

3 FOR the purpose of requiring that the appropriate authority of a local pension system offer
4 a special disability retirement allowance to certain members under certain
5 circumstances; providing for the calculation of a special disability retirement
6 allowance; exempting the appropriate authority of a local pension system from the
7 requirements of this Act under certain circumstances; defining certain terms; and
8 generally relating to local pension systems and special disability retirement
9 allowances.

10 BY adding to

11 Article – State Personnel and Pensions

12 Section 40–102

13 Annotated Code of Maryland

14 (2015 Replacement Volume and 2018 Supplement)

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

17 **Article – State Personnel and Pensions**

18 **40–102.**

19 **(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS**

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 INDICATED.

2 (2) "ACCUMULATED CONTRIBUTIONS" MEANS THE AMOUNTS
3 CREDITED TO A MEMBER'S INDIVIDUAL ACCOUNT IN A LOCAL PENSION SYSTEM,
4 INCLUDING INTEREST.

5 (3) "ALLOWANCE" MEANS A BENEFIT THAT IS PAYABLE IN EQUAL
6 MONTHLY INSTALLMENTS FOR THE LIFE OF THE RECIPIENT, EXCEPT AS OTHERWISE
7 PROVIDED FOR UNDER A LOCAL PENSION SYSTEM.

8 (4) "ALTERNATIVE SUITABLE EMPLOYMENT" MEANS EMPLOYMENT
9 THAT HAS SUBSTANTIALLY SIMILAR BASE PAY, SALARY SCHEDULE, AND GRADE AS
10 THE POSITION THAT THE MEMBER HELD WHEN THE APPROPRIATE AUTHORITY OF A
11 LOCAL PENSION SYSTEM DETERMINED THAT THE MEMBER WAS ELIGIBLE FOR THE
12 OFFER OF A SPECIAL DISABILITY RETIREMENT ALLOWANCE UNDER SUBSECTION (C)
13 OF THIS SECTION.

14 (5) "ANNUITY" MEANS THE PART OF AN ALLOWANCE THAT IS
15 DERIVED FROM THE ACCUMULATED CONTRIBUTIONS OF A MEMBER.

16 (6) "AVERAGE FINAL COMPENSATION" MEANS THE AVERAGE ANNUAL
17 EARNABLE COMPENSATION THAT IS COMPUTED UNDER THE RULES OF A LOCAL
18 PENSION SYSTEM.

19 (7) "EARNABLE COMPENSATION" MEANS ONE-TWELFTH OF THE
20 MEMBER'S ANNUAL SALARY RATE PAYABLE FOR WORKING THE NORMAL TIME IN THE
21 MEMBER'S POSITION, INCLUDING THE FOLLOWING, IF APPLICABLE:

22 (I) THE EMPLOYER PICKUP CONTRIBUTION; OR

23 (II) A CONTRIBUTION MADE UNDER A SALARY REDUCTION OR
24 SUPPLEMENTAL RETIREMENT PLAN.

25 (8) "INTEREST" MEANS INTEREST AT THE RATE PAYABLE ON
26 ACCUMULATED CONTRIBUTIONS AS PROVIDED UNDER THE RULES OF THE LOCAL
27 PENSION SYSTEM.

28 (9) "LOCAL GOVERNMENT" MEANS ANY COUNTY OR MUNICIPAL
29 CORPORATION OF THE STATE.

30 (10) (I) "LOCAL PENSION SYSTEM" MEANS A RETIREMENT OR
31 PENSION PLAN OR SYSTEM ESTABLISHED BY THE LEGISLATIVE BODY OF A UNIT OF
32 LOCAL GOVERNMENT THAT MAY ESTABLISH A QUALIFIED PLAN UNDER § 401(A) OF
33 THE INTERNAL REVENUE CODE AND PROVIDES A DEFINED BENEFIT TO ITS

1 PARTICIPANTS.

2 (II) "LOCAL PENSION SYSTEM" DOES NOT INCLUDE ANY OF THE
3 STATE SYSTEMS SPECIFIED IN § 21-102 OF THIS ARTICLE.

4 (11) "MEMBER" MEANS AN INDIVIDUAL WHO:

5 (I) IS EMPLOYED AS A SWORN LAW ENFORCEMENT OFFICER, A
6 FIREFIGHTER, OR AN EMERGENCY MEDICAL TECHNICIAN; AND

7 (II) 1. IS A MEMBER OF A LOCAL PENSION SYSTEM AS A
8 CONDITION OF EMPLOYMENT; OR

9 2. HAS ELECTED TO BECOME A MEMBER OF A LOCAL
10 PENSION SYSTEM.

11 (12) "NORMAL RETIREMENT AGE" MEANS THE AGE AT WHICH A
12 MEMBER IS ELIGIBLE TO RETIRE WITH A NORMAL SERVICE RETIREMENT
13 ALLOWANCE AS PROVIDED UNDER THE RULES OF THE LOCAL PENSION SYSTEM.

14 (13) "PARTICIPANT" MEANS A BENEFICIARY, A DESIGNATED
15 BENEFICIARY, A FORMER MEMBER, A MEMBER, OR A RETIREE WHO IS OR MAY
16 BECOME ELIGIBLE TO RECEIVE A BENEFIT AT ANY TIME UNDER A LOCAL PENSION
17 SYSTEM.

18 (14) "PENSION" MEANS THE PART OF AN ALLOWANCE THAT IS
19 DERIVED FROM EMPLOYER CONTRIBUTIONS.

20 (B) THIS SECTION APPLIES TO A LOCAL PENSION SYSTEM.

21 (C) EXCEPT AS PROVIDED IN SUBSECTION (F) OF THIS SECTION, THE
22 APPROPRIATE AUTHORITY OF A LOCAL PENSION SYSTEM SHALL OFFER, AT A
23 MINIMUM, A SPECIAL DISABILITY RETIREMENT ALLOWANCE TO A MEMBER IF THE
24 MEMBER IS, AS DETERMINED BY THE APPROPRIATE AUTHORITY OF A LOCAL
25 PENSION SYSTEM, TOTALLY AND PERMANENTLY PHYSICALLY INCAPACITATED FOR
26 DUTY ARISING OUT OF OR IN THE COURSE OF THE ACTUAL PERFORMANCE OF DUTY
27 WITHOUT WILLFUL NEGLIGENCE BY THE MEMBER.

28 (D) EXCEPT AS PROVIDED IN SUBSECTION (E) OF THIS SECTION, A SPECIAL
29 DISABILITY RETIREMENT ALLOWANCE EQUALS THE GREATER OF:

30 (1) AN ALLOWANCE SET BY TERMS OF COLLECTIVE BARGAINING OR
31 BY LOCAL PENSION DISABILITY LAW; OR

1 **(2) AN ALLOWANCE EQUAL TO 45% OF THE MEMBER'S AVERAGE**
 2 **FINAL COMPENSATION OFFSET BY ANY INCOME FROM WORKERS' COMPENSATION,**
 3 **LONG-TERM DISABILITY, SOCIAL SECURITY, AND OTHER**
 4 **GOVERNMENT-SPONSORED DISABILITY BENEFITS.**

5 **(E) (1) THIS SUBSECTION APPLIES TO A MEMBER WHO IS AT LEAST**
 6 **NORMAL RETIREMENT AGE.**

7 **(2) A SPECIAL DISABILITY RETIREMENT ALLOWANCE EQUALS THE**
 8 **GREATER OF:**

9 **(I) A NORMAL SERVICE RETIREMENT ALLOWANCE; OR**

10 **(II) A SPECIAL DISABILITY RETIREMENT ALLOWANCE**
 11 **COMPUTED IN ACCORDANCE WITH SUBSECTION (D) OF THIS SECTION.**

12 **(F) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, THE**
 13 **APPROPRIATE AUTHORITY OF A LOCAL PENSION SYSTEM IS EXEMPTED FROM THE**
 14 **REQUIREMENTS OF SUBSECTION (C) OF THIS SECTION IF THE LOCAL GOVERNMENT**
 15 **PROVIDES THE MEMBER WITH ALTERNATIVE SUITABLE EMPLOYMENT.**

16 **(2) IN DETERMINING WHETHER A POSITION IS CONSIDERED**
 17 **ALTERNATIVE SUITABLE EMPLOYMENT, THE APPROPRIATE AUTHORITY OF A LOCAL**
 18 **PENSION SYSTEM AND THE LOCAL GOVERNMENT SHALL CONSIDER THE NATURE**
 19 **AND EXTENT OF THE INCAPACITY OF THE MEMBER.**

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
 21 1, 2019.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.