

SENATE, No. 1622

STATE OF NEW JERSEY 215th LEGISLATURE

INTRODUCED FEBRUARY 16, 2012

Sponsored by:

Senator MICHAEL J. DOHERTY

District 23 (Hunterdon, Somerset and Warren)

Senator STEVEN V. OROHO

District 24 (Morris, Sussex and Warren)

Co-Sponsored by:

Senator A.R.Bucco

SYNOPSIS

Bars certain employees of certain public agencies from participating in PERS; repeals law permitting PERS and TPAF members on leave who work for labor organization to purchase pension credit.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 10/1/2013)

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1 AN ACT concerning the participation in the Teacher's Pension and
2 Annuity Fund and Public Employees' Retirement System,
3 amending various parts of the statutory law and repealing section
4 3 of P.L.2005, c.368 and section 2 of P.L.1989, c.198.

5

6 **BE IT ENACTED** by the Senate and General Assembly of the State
7 of New Jersey:

8

9 1. N.J.S.18A:6-48 is amended to read as follows:

10 18A:6-48. a. The association may select such officers as may be
11 necessary for the transaction of its business.

12 b. A person commencing service on or after the effective date
13 of P.L. , c. (pending before the Legislature as this bill) as an
14 officer or employee of the association shall not be eligible on the
15 basis of that service to enroll in a State-administered retirement
16 system. The enrollment of an officer or employee with less than 10
17 years of service credit in the retirement system as of that effective
18 date shall be terminated as of that effective date. An officer or
19 employee with 10 or more years of service credit in the retirement
20 system as of that effective date shall be eligible to continue in the
21 retirement system under the terms and conditions of the person's
22 enrollment if the person continues the service without a break.

23 (cf: P.L.1970, c.104, s.4)

24

25 2. Section 3 of P.L.1983, c.108 (C.18A:18B-3) is amended to
26 read as follows:

27 3. a. Any two or more boards of education may form and
28 become members of a school board insurance group. A board of
29 education may take this action by resolution of the board. Through
30 membership in a school board insurance group, a board of
31 education may participate in any joint self-insurance fund or funds,
32 risk management programs or related services offered or provided
33 by the group. The group shall have the power to establish a fund or
34 funds for coverages authorized in section 2 of this act and to jointly
35 purchase insurance or coverages under a master policy or contract
36 of insurance for participating members. The group shall have the
37 power to take other actions necessary to developing, administering,
38 and providing risk management programs, joint self-insurance
39 funds, joint insurance purchases, and related services.

40 b. The bylaws of the school board insurance group shall
41 provide that any board of education may join the group, provided it
42 agrees to comply with the standards for membership, including risk
43 management programs, which shall be established by the group, and
44 may be a member as long as it complies with the standards for
45 membership.

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

1 c. A school board insurance group may sue or be sued and
2 shall appoint a natural person residing in this State or a corporation
3 authorized to do business in this State as its agent for service of
4 process. The group shall notify the commissioner of the
5 appointment.

6 d. A school board insurance group is not an insurance company
7 or an insurer under the laws of this State and the development,
8 administration or provision by a group of joint self-insurance fund
9 or funds, risk management programs and related services does not
10 constitute the transaction of insurance nor doing an insurance
11 business. A group shall not be subject to the provisions of Title 17,
12 Subtitle 3, Insurance, of the Revised Statutes.

13 e. A person commencing service on or after the effective date
14 of P.L. , c. (pending before the Legislature as this bill) as an
15 officer or employee of a school board insurance group shall not be
16 eligible on the basis of that service to enroll in a State-administered
17 retirement system. The enrollment of an officer or employee with
18 less than 10 years of service credit in the retirement system as of
19 that effective date shall be terminated as of that effective date. An
20 officer or employee with 10 or more years of service credit in the
21 retirement system as of that effective date shall be eligible to
22 continue in the retirement system under the terms and conditions of
23 the person's enrollment if the person continues the service without a
24 break.

25 (cf: P.L.1983, c.108, s.3)

26

27 3. Section 3 of P.L.1985, c.204 (C.18A:64A-25.35) is amended
28 to read as follows:

29 3. a. Any two or more county colleges may form and become
30 members of a county college insurance group. A county college
31 may take this action by resolution of the board of trustees of the
32 county college. Through membership in a county college insurance
33 group, a county college may participate in any joint self-insurance
34 fund or funds, risk management programs or related services
35 offered or provided by the group. The group shall have the power
36 to establish a fund or funds for coverages authorized in section 2 of
37 this act and to jointly purchase insurance or coverages under a
38 master policy or contract of insurance for participating members.
39 The group shall have the power to take other actions necessary to
40 developing, administering, and providing risk management
41 programs, joint self-insurance funds, joint insurance purchases, and
42 related services.

43 b. The bylaws of the county college insurance group shall
44 provide that any county college may join the group; provided it
45 agrees to comply with the standards for membership, including risk
46 management programs, which shall be established by the group, and
47 may be a member as long as it complies with the standards for
48 membership.

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1 c. A county college insurance group may sue or be sued and
2 shall appoint a natural person residing in this State or a corporation
3 authorized to do business in this State as its agent for service of
4 process. The group shall notify the commissioner of the
5 appointment.

6 d. A county college insurance group is not an insurance
7 company or an insurer under the laws of this State and the
8 development, administration or provision by a group of joint self-
9 insurance fund or funds, risk management programs and related
10 services does not constitute the transaction of insurance or doing an
11 insurance business. A group shall not be subject to the provisions
12 of Title 17, Subtitle 3 of the Revised Statutes.

13 e. A person commencing service on or after the effective date
14 of P.L. , c. (pending before the Legislature as this bill) as an
15 officer or employee of a county college insurance group shall not be
16 eligible on the basis of that service to enroll in a State-administered
17 retirement system. The enrollment of an officer or employee with
18 less than 10 years of service credit in the retirement system as of
19 that effective date shall be terminated as of that effective date. An
20 officer or employee with 10 or more years of service credit in the
21 retirement system as of that effective date shall be eligible to
22 continue in the retirement system under the terms and conditions of
23 the person's enrollment if the person continues the service without a
24 break.

25 (cf: P.L.1985, c.204, s.3)

26

27 4. Section 3 of P.L.1983, c.372 (C.40A:10-38) is amended to
28 read as follows:

29 3. a. The commissioners of a joint insurance fund shall have
30 the powers and authority granted to commissioners of individual
31 local insurance funds under the provisions of subsections a., b., c.,
32 and e. of N.J.S.40A:10-10.

33 b. The commissioners may invest and reinvest the funds,
34 including workers' compensation funds, as authorized under the
35 provisions of subsection b. of N.J.S.40A:10-10. The commissioners
36 may, subject to the cash management plan of the joint insurance
37 fund adopted pursuant to N.J.S.40A:5-14, delegate any of the
38 functions, powers and duties relating to the investment and
39 reinvestment of these funds, including the purchase, sale or
40 exchange of any investments, securities or funds to an investment or
41 asset manager. Any transfer of investment power and duties made
42 pursuant to this subsection shall be detailed in a written contract for
43 services between the joint insurance fund and an investment or asset
44 manager. The contract shall be filed with the Commissioner of
45 Insurance and the Commissioner of Community Affairs.
46 Compensation under such an arrangement shall not be based upon
47 commissions related to the purchase, sale or exchange of any
48 investments, securities or funds.

1 c. The commissioners may transfer moneys held in the fund to
2 the Director of the Division of Investment in the Department of the
3 Treasury for investment on behalf of the fund, pursuant to the
4 written directions of the commissioners, signed by an authorized
5 officer of the joint insurance fund, or any investment or asset
6 manager designated by them. The commissioners shall provide a
7 written notice to the director detailing the extent of the authority
8 delegated to the investment or asset manager so designated to act on
9 behalf of the joint insurance fund. Moneys transferred to the
10 director for investment shall be invested subject to section 8 of
11 P.L.1977, c.396 (C.40A:5-15.1), and in accordance with the
12 standards governing the investment of other funds which are
13 managed under the rules and regulations of the State Investment
14 Council. In addition to the types of securities in which the joint
15 insurance fund may invest pursuant to section 8 of P.L.1977, c.396
16 (C.40A:5-15.1), a joint insurance fund may invest in debt
17 obligations of federal agencies or government corporations with
18 maturities not to exceed 10 years from the date of purchase,
19 excluding mortgage backed or derivative obligations, provided that
20 the investments are purchased through the Division of Investment
21 and are invested consistent with the rules and regulations of the
22 State Investment Council.

23 d. Moneys transferred to the director for investment may not
24 thereafter be withdrawn except: (1) pursuant to the written
25 directions of the commissioners signed by an authorized officer of
26 the joint insurance fund, or any investment or asset manager
27 designated by them; (2) upon withdrawal or expulsion of a member
28 local unit from the fund; (3) termination of the fund; or (4) in
29 specific amounts in payment of specific claims, administrative
30 expenses or member dividends upon affidavit of the director or
31 other chief executive officer of the joint insurance fund.

32 e. The commissioners or the executive board, as the case may
33 be, of any joint insurance fund established pursuant to the
34 provisions of this act shall be subject to and operate in compliance
35 with the provisions of the "Local Fiscal Affairs Law" (N.J.S.40A:5-
36 1 et seq.), the "Local Public Contracts Law," P.L.1971, c.198
37 (C.40A:11-1 et seq.) and such other rules and regulations as govern
38 the custody, investment and expenditure of public funds by local
39 units.

40 f. A person commencing service on or after the effective date
41 of P.L. , c. (pending before the Legislature as this bill) as an
42 officer or employee of a joint insurance fund shall not be eligible on
43 the basis of that service to enroll in a State-administered retirement
44 system. The enrollment of an officer or employee with less than 10
45 years of service credit in the retirement system as of that effective
46 date shall be terminated as of that effective date. An officer or
47 employee with 10 or more years of service credit in the retirement
48 system as of that effective date shall be eligible to continue in the

1 retirement system under the terms and conditions of the person's
2 enrollment if the person continues the service without a break.

3 (cf: P.L.1995, c.374, s.1)

4

5 5. R.S.40:23-6 is amended to read as follows:

6 40:23-6. a. A county may agree to contribute and expend in any
7 1 year, for membership in and the service of the New Jersey
8 Association of Counties and the County Officers Association of
9 New Jersey, such sums as said county may determine.

10 b. A person commencing service on or after the effective date
11 of P.L. , c. (pending before the Legislature as this bill) as an
12 officer or employee of the New Jersey Association of Counties shall
13 not be eligible on the basis of that service to enroll in a State-
14 administered retirement system. The enrollment of an officer or
15 employee with less than 10 years of service credit in the retirement
16 system as of that effective date shall be terminated as of that
17 effective date. An officer or employee with 10 or more years of
18 service credit in the retirement system as of that effective date shall
19 be eligible to continue in the retirement system under the terms and
20 conditions of the person's enrollment if the person continues the
21 service without a break.

22 (cf: P.L.1979, c.159, s.1)

23

24 6. R.S.40:48-22 is amended to read as follows:

25 40:48-22. a. Any municipality, by resolution of its governing
26 body, may join with any other municipality or municipalities in the
27 formation of an organization of municipalities, for the purpose of
28 securing concerted action in behalf of such measures as the
29 organization shall determine to be in the common interest of the
30 organizing municipalities. The organization may meet at such times
31 and places as it may determine for the discussion of measures
32 deemed to affect the welfare of the several municipalities members
33 thereof; maintain an office, in charge of a secretary or other officer
34 or agent appointed by the organization; circulate literature and
35 information among the municipal officers of this state, and may
36 generally take such action as the organization in meeting shall
37 determine to be wise in support of such measures as it deems to be
38 in the interest of the several municipalities members thereof.

39 b. A person commencing service on or after the effective date
40 of P.L. , c. (pending before the Legislature as this bill) as an
41 officer or employee of an organization of municipalities shall not be
42 eligible on the basis of that service to enroll in a State-administered
43 retirement system. The enrollment of an officer or employee with
44 less than 10 years of service credit in the retirement system as of
45 that effective date shall be terminated as of that effective date. An
46 officer or employee with 10 or more years of service credit in the
47 retirement system as of that effective date shall be eligible to
48 continue in the retirement system under the terms and conditions of

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1 the person's enrollment if the person continues the service without a
2 break.

3 (cf: R.S.40:48-22)

4

5 7. Section 4 of P.L.1972, c.134 (C.40:56-68) is amended to
6 read as follows:

7 4. a. A pedestrian mall ordinance may be adopted if the
8 governing body of any municipality finds: (1) a street or part
9 thereof is not a part of any State highway, is located primarily in a
10 business district, is improved to its maximum feasible width with
11 regard to adjoining buildings and improvements, (2) reasonably
12 convenient alternate routes to other parts of the municipality and
13 State exist for private vehicles, (3) continued unlimited use of the
14 street or part thereof by private vehicles may constitute a hazard to
15 the health and safety of pedestrians, (4) abutting properties can
16 reasonably and adequately be provided with emergency vehicular
17 services and receive and deliver merchandise and materials from
18 other streets and alleys or by provisions for limited use of the
19 streets by emergency vehicles and carriers of such merchandise and
20 materials, and (5) it is in the best interests of the municipality and
21 the public and of benefit to adjacent properties to use such street
22 primarily for pedestrian purposes, and that pedestrian use is
23 determined to be the highest and best use of such street or part
24 thereof.

25 b. A special improvement district ordinance may be adopted if
26 the governing body of a municipality finds: (1) that an area within
27 the municipality, as described by lot and block numbers and by
28 street addresses in the enabling ordinance, would benefit from being
29 designated as a special improvement district; (2) that a district
30 management corporation would provide administrative and other
31 services to benefit the businesses, employees, residents and
32 consumers in the special improvement district; (3) that a special
33 assessment shall be imposed and collected by the municipality with
34 the regular property tax payment or payment in lieu of taxes or
35 otherwise, and that all or a portion of these payments shall be
36 transferred to the district management corporation to effectuate the
37 purposes of this amendatory and supplementary act and to exercise
38 the powers given to it by municipal ordinance; and (4) that it is in
39 the best interests of the municipality and the public to create a
40 special improvement district and to designate a district
41 management corporation; except that no district management
42 corporation shall be designated to receive any funds or to exercise
43 any powers pursuant to the provisions of this amendatory and
44 supplementary act, unless the board of directors of that corporation
45 shall include at least one member of the governing body of the
46 municipality.

47 c. A person commencing service on or after the effective date
48 of P.L. , c. (pending before the Legislature as this bill) as an

1 officer or employee of a district management corporation shall not
2 be eligible on the basis of that service to enroll in a State-
3 administered retirement system. The enrollment of an officer or
4 employee with less than 10 years of service credit in the retirement
5 system as of that effective date shall be terminated as of that
6 effective date. An officer or employee with 10 or more years of
7 service credit in the retirement system as of that effective date shall
8 be eligible to continue in the retirement system under the terms and
9 conditions of the person's enrollment if the person continues the
10 service without a break.

11 (cf: P.L.1984, c.151, s.5)

12

13 8. Section 7 of P.L.1954, c.84 (C.43:15A-7) is amended to read
14 as follows:

15 7. There is hereby established the Public Employees'
16 Retirement System of New Jersey in the Division of Pensions and
17 Benefits of the Department of the Treasury. The membership of the
18 retirement system shall include:

19 a. The members of the former "State Employees' Retirement
20 System of New Jersey" enrolled as such as of December 30, 1954,
21 who shall not have claimed for refund their accumulated deductions
22 in said system as provided in this section;

23 b. Any person becoming an employee of the State or other
24 employer after January 2, 1955 and every veteran, other than a
25 retired member who returns to service pursuant to subsection b. of
26 section 27 of P.L.1966, c.217 (C.43:15A-57.2) and other than those
27 whose appointments are seasonal, becoming an employee of the
28 State or other employer after such date, including a temporary
29 employee with at least one year's continuous service. The
30 membership of the retirement system shall not include those
31 persons appointed to serve as described in paragraphs (2) and (3) of
32 subsection a. of section 2 of P.L.2007, c.92 (C.43:15C-2), except a
33 person who was a member of the retirement system prior to the
34 effective date of sections 1 through 19 of P.L.2007, c.92 (C.43:15C-
35 1 through C.43:15C-15, C.43:3C-9, C.43:15A-7, C.43:15A-75 and
36 C.43:15A-135) and continuously thereafter; and

37 c. Every employee veteran in the employ of the State or other
38 employer on January 2, 1955, who is not a member of any
39 retirement system supported wholly or partly by the State.

40 d. Membership in the retirement system shall be optional for
41 elected officials other than veterans, and for school crossing guards,
42 who having become eligible for benefits under other pension
43 systems are so employed on a part-time basis. Elected officials
44 commencing service on or after the effective date of sections 1
45 through 19 of P.L.2007, c.92 (C.43:15C-1 through C.43:15C-15,
46 C.43:3C-9, C.43:15A-7, C.43:15A-75 and C.43:15A-135) shall not
47 be eligible for membership in the retirement system based on
48 service in the elective public office, except that an elected official

1 enrolled in the retirement system as of that effective date who
2 continues to hold that elective public office without a break in
3 service shall be eligible to continue membership in the retirement
4 system under the terms and conditions of enrollment. Service in the
5 Legislature shall be considered a single elective public office. Any
6 part-time school crossing guard who is eligible for benefits under
7 any other pension system and who was hired as a part-time school
8 crossing guard prior to March 4, 1976, may at any time terminate
9 his membership in the retirement system by making an application
10 in writing to the board of trustees of the retirement system. Upon
11 receiving such application, the board of trustees shall terminate his
12 enrollment in the system and direct the employer to cease accepting
13 contributions from the member or deducting from the compensation
14 paid to the member. State employees who become members of any
15 other retirement system supported wholly or partly by the State as a
16 condition of employment shall not be eligible for membership in
17 this retirement system. Notwithstanding any other law to the
18 contrary, all other persons accepting employment in the service of
19 the State shall be required to enroll in the retirement system as a
20 condition of their employment, regardless of age.

21 (1) Before or on November 1, 2008, no person in employment,
22 office or position, for which the annual salary or remuneration is
23 fixed at less than \$1,500.00, shall be eligible to become a member
24 of the retirement system.

25 (2) After November 1, 2008, a person who was a member of the
26 retirement system on that date and continuously thereafter shall be
27 eligible to be a member of the retirement system in employment,
28 office or position, for which the annual salary or remuneration is
29 fixed at \$1,500 or more.

30 (3) After November 1, 2008 and before or on the effective date
31 of P.L.2010, c.1, a person who was not a member of the retirement
32 system on November 1, 2008, or who was a member of the
33 retirement system on that date but not continuously thereafter, and
34 who is in employment, office or position, for which the annual
35 salary or remuneration is certified by the applicable public entity at
36 \$7,500 or more, shall be eligible to become a member of the
37 retirement system. The \$7,500 minimum annual salary or
38 remuneration amount shall be adjusted annually by the Director of
39 the Division of Pensions and Benefits, by regulation, in accordance
40 with changes in the Consumer Price Index but by no more than 4
41 percent. "Consumer Price Index" means the average of the annual
42 increase, expressed as a percentage, in the consumer price index for
43 all urban consumers in the New York City and Philadelphia
44 metropolitan statistical areas during the preceding calendar year as
45 reported by the United States Department of Labor.

46 (4) After the effective date of P.L.2010, c.1, no person in an
47 employment, office or position of the State, or an agency, board,
48 commission, authority or instrumentality of the State, for which the

1 hours of work are fixed at fewer than 35 per week shall be eligible
2 to become a member of the retirement system; and no person in
3 employment, office or position with a political subdivision of the
4 State, or an agency, board, commission, authority or instrumentality
5 of a political subdivision of the State, for which the hours of work
6 are fixed by an ordinance or resolution of the political subdivision,
7 or agency, board, commission, authority or instrumentality thereof,
8 at fewer than 32 per week shall be eligible to become a member of
9 the retirement system. Any hour or part thereof, during which the
10 person does not work due to the person's participation in a
11 voluntary or mandatory furlough program shall not be deducted in
12 determining if a person's hours of work are fixed at fewer than 35 or
13 32 per week, as appropriate, for the purpose of eligibility.

14 e. Membership of any person in the retirement system shall
15 cease if he shall discontinue his service for more than two
16 consecutive years.

17 f. The accumulated deductions of the members of the former
18 "State Employees' Retirement System" which have been set aside in
19 a trust fund designated as Fund A as provided in section 5 of this
20 act and which have not been claimed for refund prior to February 1,
21 1955 shall be transferred from said Fund A to the Annuity Savings
22 Fund of the Retirement System, provided for in section 25 of this
23 act. Each member whose accumulated deductions are so transferred
24 shall receive the same prior service credit, pension credit, and
25 membership credit in the retirement system as he previously had in
26 the former "State Employees' Retirement System" and shall have
27 such accumulated deductions credited to his individual account in
28 the Annuity Savings Fund. Any outstanding obligations of such
29 member shall be continued.

30 g. Any school crossing guard electing to terminate his
31 membership in the retirement system pursuant to subsection d. of
32 this section shall, upon his request, receive a refund of his
33 accumulated deductions as of the date of his appointment to the
34 position of school crossing guard. Such refund of contributions
35 shall serve as a waiver of all benefits payable to the employee, to
36 his dependent or dependents, or to any of his beneficiaries under the
37 retirement system.

38 h. A temporary employee who is employed under the federal
39 Workforce Investment Act shall not be eligible for membership in
40 the system. Membership for temporary employees employed under
41 the federal Job Training Partnership Act, Pub.L.97-300 (29
42 U.S.C.s.1501) who are in the system on September 19, 1986 shall
43 be terminated, and affected employees shall receive a refund of
44 their accumulated deductions as of the date of commencement of
45 employment in a federal Job Training Partnership Act program.
46 Such refund of contributions shall serve as a waiver of all benefits
47 payable to the employee, to his dependent or dependents, or to any
48 of his beneficiaries under the retirement system.

1 i. Membership in the retirement system shall be optional for a
2 special service employee who is employed under the federal Older
3 American Community Service Employment Act, Pub.L.94-135 (42
4 U.S.C.s.3056). Any special service employee employed under the
5 federal Older American Community Service Employment Act,
6 Pub.L.94-135 (42 U.S.C.s.3056), who is in the retirement system on
7 the effective date of P.L.1996, c.139 may terminate membership in
8 the retirement system by making an application in writing to the
9 board of trustees of the retirement system. Upon receiving the
10 application, the board shall terminate enrollment in the system and
11 the member shall receive a refund of accumulated deductions as of
12 the date of commencement of employment in a federal Older
13 American Community Service Employment Act program. This
14 refund of contributions shall serve as a waiver of all benefits
15 payable to the employee, to any dependent or dependents, or to any
16 beneficiary under the retirement system.

17 j. An employee of the South Jersey Port Corporation who was
18 employed by the South Jersey Port Corporation as of the effective
19 date of P.L.1997, c.150 (C.34:1B-144 et al.) and who shall be re-
20 employed within 365 days of such effective date by a subsidiary
21 corporation or other corporation, which has been established by the
22 Delaware River Port Authority pursuant to subdivision (m) of
23 Article I of the compact creating the Delaware River Port Authority
24 (R.S.32:3-2), as defined in section 3 of P.L.1997, c.150 (C.34:1B-
25 146), shall be eligible to continue membership while an employee
26 of such subsidiary or other corporation.

27 k. An officer or employee of a nonprofit organization that is an
28 educational foundation, or substantially similar entity, created by or
29 on behalf of an institution of higher education in this State for the
30 purpose of receiving donations shall not be eligible for membership
31 in the system on the basis of that employment.

32 (cf: P.L.2010, c.1, s.3)

33

34 9. Section 65 of P.L.1954, c.84 (C.43:15A-65) is amended to
35 read as follows:

36 65. (a) All employees of any public agency or organization of
37 this State, which employs persons engaged in service to the public,
38 shall be eligible to participate in the Public Employees' Retirement
39 System; provided the employer consents thereto by resolution and
40 files a certified copy of such resolution with the board of trustees of
41 the Public Employees' Retirement System and the board of trustees
42 approves thereof by resolution. Such organization shall be referred
43 to in this act as the employer. If the participation of such
44 employees is so approved then the employer shall contribute to the
45 contingent reserve fund on account of its members at the same rate
46 per centum as would be paid by employers other than the State.

47 (b) Notwithstanding the provisions of subsection (a) of this
48 section, every person becoming an employee of a public agency or

1 organization of this State, which employs persons engaged in
2 service to the public, after June 30, 1966, who is not eligible to
3 become a member of any other retirement system, shall be required
4 to participate in the Public Employees' Retirement System.
5 Notwithstanding the provisions of subsection (a) of this section,
6 membership in the Public Employees' Retirement System shall be
7 optional with any person in the employ of any such public agency
8 or organization on June 30, 1966, provided such person is not
9 required to be a member pursuant to another provision of this act,
10 and provided further that such person is not eligible to be a member
11 of any other retirement system. The provisions of this subsection
12 shall not apply to any person whose position is temporary or
13 seasonal, nor to any person in office, position or employment for
14 which the annual salary or remuneration, of the number of hours or
15 work, is fixed at less than that which is required for membership
16 pursuant to section 7 of P.L.1954, c.84 (C.43:15A-7) as applicable
17 to the member, nor to any person whose position is not covered by
18 the old-age and survivors' insurance provisions of the federal Social
19 Security Act. After the effective date of P.L.2010, c.1, the
20 provisions of this subsection shall not apply to any person in office,
21 position or employment for which the hours of work are fewer per
22 week than those required for membership pursuant to subsection d.
23 of section 7 of P.L.1954, c.84 (C.43:15A-7), unless the person shall
24 have been a member since that effective date continuously. The
25 public agency or organization employing any such person who
26 becomes a member of the retirement system pursuant to this
27 subsection shall contribute to the contingent reserve fund on
28 account of such employees at the same rate per centum as would be
29 paid by employers other than the State.

30 (c) A person commencing service on or after the effective date
31 of P.L. , c. (pending before the Legislature as this bill) as an
32 officer or employee of an organization or association of counties or
33 municipalities, such as the New Jersey State League of
34 Municipalities and the New Jersey Association of Counties, or a
35 substantially similar successor organization or association, or a joint
36 insurance group or fund for political subdivisions of this State, shall
37 not be eligible for membership in the retirement system based on
38 that service. The enrollment of an officer or employee with less
39 than 10 years of service credit in the retirement system as of that
40 effective date shall be terminated as of that effective date. An
41 officer or employee with 10 or more years of service credit in the
42 retirement system as of that effective date shall be eligible to
43 continue in the retirement system under the terms and conditions of
44 the person's enrollment if the person continues the service without a
45 break.

46 (cf: P.L.2010, c.1, s.5)

1 10. Section 71 of P.L.1954, c.84 (C.43:15A-71) is amended to
2 read as follows:

3 71. The words "public agency or organization" as used in this
4 act shall be construed to mean and include any agency or
5 organization which operates public works or is engaged in service
6 to the public for 1 or more municipalities, local boards of health, or
7 counties, and whose revenue is derived from other than State funds,
8 but shall not be construed to include any subdivision of any county,
9 municipality, school district, privately owned public utility or
10 service or any religious, educational or charitable organization.

11 An organization or association of counties or municipalities,
12 such as the New Jersey State League of Municipalities and the New
13 Jersey Association of Counties, and a substantially similar
14 successor organization or association, and a joint insurance group or
15 fund for political subdivisions of this State shall not be considered a
16 public agency or organization with regard to its officers and
17 employees commencing service on or after the effective date of
18 P.L. , c. (pending before the Legislature as this bill) or with
19 regard to its officers or employees with less than 10 years of service
20 credit in the retirement system as of that effective date.

21 (cf: P.L.1954, c.84, s.71)

22

23 11. N.J.S.18A:66-2 is amended to read as follows:

24 18A:66-2. As used in this article:

25 a. "Accumulated deductions" means the sum of all the
26 amounts, deducted from the compensation of a member or
27 contributed by or in behalf of the member, including interest
28 credited to January 1, 1956, standing to the credit of the member's
29 individual account in the annuity savings fund.

30 b. "Annuity" means payments for life derived from the
31 accumulated deductions of a member as provided in this article.

32 c. "Beneficiary" means any person receiving a retirement
33 allowance or other benefit as provided in this article.

34 d. (1) "Compensation" means the contractual salary, for
35 services as a teacher as defined in this article, which is in
36 accordance with established salary policies of the member's
37 employer for all employees in the same position but shall not
38 include individual salary adjustments which are granted primarily in
39 anticipation of the member's retirement or additional remuneration
40 for performing temporary or extracurricular duties beyond the
41 regular school day or the regular school year.

42 (2) In the case of a person who becomes a member of the
43 retirement system on or after July 1, 2007, "compensation" means
44 the amount of the contractual salary equivalent to the annual
45 maximum wage contribution base for Social Security, pursuant to
46 the Federal Insurance Contributions Act, for services as a teacher as
47 defined in this article, which is in accordance with established
48 salary policies of the member's employer for all employees in the

1 same position but shall not include individual salary adjustments
2 which are granted primarily in anticipation of the member's
3 retirement or additional remuneration for performing temporary or
4 extracurricular duties beyond the regular school day or the regular
5 school year. This paragraph shall not apply to a person who at the
6 time of enrollment in the retirement system on or after July 1, 2007
7 transfers service credit from another State-administered retirement
8 system pursuant to N.J.S.18A:66-15.1, but shall apply to a former
9 member of the retirement system who has been granted a retirement
10 allowance and is reenrolled in the retirement system on or after July
11 1, 2007 pursuant to N.J.S.18A:66-53.2 after becoming employed
12 again in a position that makes the person eligible to be a member of
13 the retirement system.

14 For the period of July 1, 2009 through June 30, 2011,
15 "contractual salary" for State employees shall include wage
16 increases under a collective negotiations agreement notwithstanding
17 that, by amendment to that collective negotiations agreement, the
18 effective date of the contractual increase has been deferred. For the
19 purpose of this paragraph, "State employee" means an employee in
20 the Executive Branch of State government of New Jersey.

21 e. "Employer" means the State, the board of education or any
22 educational institution or agency of or within the State by which a
23 teacher is paid.

24 f. (1) "Final compensation" means the average annual
25 compensation for which contributions are made for the three years
26 of creditable service in New Jersey immediately preceding the
27 member's retirement or death, or it shall mean the average annual
28 compensation for New Jersey service for which contributions are
29 made during any three fiscal years of his or her membership
30 providing the largest possible benefit to the member or the
31 member's beneficiary.

32 (2) In the case of a person who becomes a member of the
33 retirement system on or after the effective date of P.L.2010, c.1,
34 "final compensation" means the average annual compensation for
35 which contributions are made for the five years of creditable service
36 in New Jersey immediately preceding the member's retirement or
37 death, or it shall mean the average annual compensation for New
38 Jersey service for which contributions are made during any five
39 fiscal years of his or her membership providing the largest possible
40 benefit to the member or the member's beneficiary.

41 g. "Fiscal year" means any year commencing with July 1, and
42 ending with June 30, next following.

43 h. "Pension" means payments for life derived from
44 appropriations made by the State or employers to the Teachers'
45 Pension and Annuity Fund.

46 i. "Annuity reserve" means the present value of all payments
47 to be made on account of any annuity or benefit in lieu of an
48 annuity, granted under the provisions of this article, computed on

1 the basis of such mortality tables recommended by the actuary as
2 the board of trustees adopts, with regular interest.

3 j. "Pension reserve" means the present value of all payments to
4 be made on account of any pension or benefit in lieu of a pension
5 granted to a member from the Teachers' Pension and Annuity Fund,
6 computed on the basis of such mortality tables recommended by the
7 actuary as the board of trustees adopts, with regular interest.

8 k. "Present-entrant" means any member of the Teachers'
9 Pension and Annuity Fund who had established status as a "present-
10 entrant member" of said fund prior to January 1, 1956.

11 l. "Rate of contribution initially certified" means the rate of
12 contribution certified by the retirement system in accordance with
13 N.J.S.18A:66-29.

14 m. "Regular interest" shall mean interest as determined by the
15 State Treasurer, after consultation with the Directors of the
16 Divisions of Investment and Pensions, the board of trustees and the
17 actuary. It shall bear a reasonable relationship to the percentage rate
18 of earnings on investments based on the market value of assets but
19 shall not exceed the assumed percentage rate of increase applied to
20 salaries plus 3%, provided however that the board of trustees shall
21 not set the average percentage rate of increase applied to salaries
22 below 6%.

23 n. "Retirement allowance" means the pension plus the annuity.

24 o. "School service" means any service as a "teacher" as defined
25 in this section.

26 p. "Teacher" means any regular teacher, special teacher,
27 helping teacher, teacher clerk, principal, vice-principal, supervisor,
28 supervising principal, director, superintendent, city superintendent,
29 assistant city superintendent, county superintendent, State
30 Commissioner or Assistant Commissioner of Education, members
31 of the State Department of Education who are certificated,
32 unclassified professional staff and other members of the teaching or
33 professional staff of any class, public school, high school, normal
34 school, model school, training school, vocational school, truant
35 reformatory school, or parental school, and of any and all classes or
36 schools within the State conducted under the order and
37 superintendence, and wholly or partly at the expense of the State
38 Board of Education, of a duly elected or appointed board of
39 education, board of school directors, or board of trustees of the
40 State or of any school district or normal school district thereof, and
41 any persons under contract or engagement to perform one or more
42 of these functions. **■**It shall also mean any person who serves, while
43 on an approved leave of absence from regular duties as a teacher, as
44 an officer of a local, county or State labor organization which
45 represents, or is affiliated with an organization which represents,
46 teachers as defined in this subsection. **■**No person shall be deemed a
47 teacher within the meaning of this article who is a substitute

1 teacher. In all cases of doubt the board of trustees shall determine
2 whether any person is a teacher as defined in this article.

3 q. "Teachers' Pension and Annuity Fund," hereinafter referred
4 to as the "retirement system" or "system," is the corporate name of
5 the arrangement for the payment of retirement allowances and other
6 benefits under the provisions of this article, including the several
7 funds placed under said system. By that name all its business shall
8 be transacted, its funds invested, warrants for money drawn, and
9 payments made and all of its cash and securities and other property
10 held.

11 r. "Veteran" means any honorably discharged officer, soldier,
12 sailor, airman, marine or nurse who served in any Army, Air Force
13 or Navy of the Allies of the United States in World War I between
14 July 14, 1914, and November 11, 1918, or who served in any Army,
15 Air Force or Navy of the Allies of the United States in World War
16 II, between September 1, 1939, and September 2, 1945, and who
17 was inducted into such service through voluntary enlistment, and
18 was a citizen of the United States at the time of such enlistment, and
19 who did not, during or by reason of such service, renounce or lose
20 United States citizenship, and any officer, soldier, sailor, marine,
21 airman, nurse or army field clerk who has served in the active
22 military or naval service of the United States and has or shall be
23 discharged or released therefrom under conditions other than
24 dishonorable, in any of the following wars, uprisings, insurrections,
25 expeditions or emergencies, and who has presented to the retirement
26 system evidence of such record of service in form and content
27 satisfactory to said retirement system:

28 (1) The Indian wars and uprisings during any of the periods
29 recognized by the War Department of the United States as periods
30 of active hostility;

31 (2) The Spanish-American War between April 20, 1898, and
32 April 11, 1899;

33 (3) The Philippine insurrections and expeditions during the
34 periods recognized by the War Department of the United States as
35 of active hostility from February 4, 1899, to the end of 1913;

36 (4) The Peking relief expedition between June 20, 1900, and
37 May 27, 1902;

38 (5) The army of Cuban occupation between July 18, 1898, and
39 May 20, 1902;

40 (6) The army of Cuban pacification between October 6, 1906,
41 and April 1, 1909;

42 (7) The Mexican punitive expedition between March 14, 1916,
43 and February 7, 1917;

44 (8) The Mexican border patrol, having actually participated in
45 engagements against Mexicans between April 12, 1911, and June
46 16, 1919;

47 (9) World War I, between April 6, 1917, and November 11,
48 1918;

1 (10) World War II, between September 16, 1940, and December
2 31, 1946, who shall have served at least 90 days in such active
3 service, exclusive of any period of assignment (1) for a course of
4 education or training under the Army Specialized Training Program
5 or the Navy College Training Program, which course was a
6 continuation of a civilian course and was pursued to completion, or
7 (2) as a cadet or midshipman at one of the service academies, any
8 part of which 90 days was served between said dates; provided that
9 any person receiving an actual service-incurred injury or disability
10 shall be classed as a veteran, whether or not that person has
11 completed the 90-day service as herein provided;

12 (11) Korean conflict on or after June 23, 1950, and on or prior to
13 January 31, 1955, who shall have served at least 90 days in such
14 active service, exclusive of any period of assignment (1) for a
15 course of education or training under the Army Specialized
16 Training Program or the Navy College Training Program, which
17 course was a continuation of a civilian course and was pursued to
18 completion, or (2) as a cadet or midshipman at one of the service
19 academies, any part of which 90 days was served between said
20 dates; provided that any person receiving an actual service-incurred
21 injury or disability shall be classed as a veteran, whether or not that
22 person has completed the 90-day service as herein provided; and
23 provided further that any member classed as a veteran pursuant to
24 this subsection prior to August 1, 1966, shall continue to be classed
25 as a veteran, whether or not that person completed the 90-day
26 service between said dates as herein provided;

27 (12) Lebanon crisis, on or after July 1, 1958, who has served in
28 Lebanon or on board any ship actively engaged in patrolling the
29 territorial waters of that nation for a period, continuous or in the
30 aggregate, of at least 14 days commencing on or before November
31 1, 1958 or the date of termination of that conflict, as proclaimed by
32 the President of the United States or Congress, whichever date of
33 termination is the latest, in such active service; provided, that any
34 person receiving an actual service-incurred injury or disability shall
35 be classed as a veteran whether or not that person has completed the
36 14 days' service as herein provided;

37 (13) Vietnam conflict, on or after December 31, 1960, and on or
38 prior to May 7, 1975, who shall have served at least 90 days in such
39 active service, exclusive of any period of assignment (1) for a
40 course of education or training under the Army Specialized
41 Training Program or the Navy College Training Program, which
42 course was a continuation of a civilian course and was pursued to
43 completion, or (2) as a cadet or midshipman at one of the service
44 academies, any part of which 90 days was served between said
45 dates; and exclusive of any service performed pursuant to the
46 provisions of section 511(d) of Title 10, United States Code,
47 pursuant to an enlistment in the Army National Guard or as a
48 reserve for service in the Army Reserve, Naval Reserve, Air Force

1 Reserve, Marine Corps Reserve, or Coast Guard Reserve; provided
2 that any person receiving an actual service-incurred injury or
3 disability shall be classed as a veteran, whether or not that person
4 has completed the 90-day service as herein provided;

5 (14) Lebanon peacekeeping mission, on or after September 26,
6 1982, who has served in Lebanon or on board any ship actively
7 engaged in patrolling the territorial waters of that nation for a
8 period, continuous or in the aggregate, of at least 14 days
9 commencing on or before December 1, 1987 or the date of
10 termination of that mission, as proclaimed by the President of the
11 United States or Congress, whichever date of termination is the
12 latest, in such active service; provided, that any person receiving an
13 actual service-incurred injury or disability shall be classed as a
14 veteran whether or not that person has completed the 14 days'
15 service as herein provided;

16 (15) Grenada peacekeeping mission, on or after October 23,
17 1983, who has served in Grenada or on board any ship actively
18 engaged in patrolling the territorial waters of that nation for a
19 period, continuous or in the aggregate, of at least 14 days
20 commencing on or before November 21, 1983 or the date of
21 termination of that mission, as proclaimed by the President of the
22 United States or Congress, whichever date of termination is the
23 latest, in such active service; provided, that any person receiving an
24 actual service-incurred injury or disability shall be classed as a
25 veteran whether or not that person has completed the 14 days'
26 service as herein provided;

27 (16) Panama peacekeeping mission, on or after December 20,
28 1989 or the date of inception of that mission, as proclaimed by the
29 President of the United States or Congress, whichever date of
30 inception is earliest, who has served in Panama or on board any ship
31 actively engaged in patrolling the territorial waters of that nation for
32 a period, continuous or in the aggregate, of at least 14 days
33 commencing on or before January 31, 1990 or the date of
34 termination of that mission, as proclaimed by the President of the
35 United States or Congress, whichever date of termination is the
36 latest, in such active service; provided, that any person receiving an
37 actual service-incurred injury or disability shall be classed as a
38 veteran whether or not that person has completed the 14 days'
39 service as herein provided;

40 (17) Operation "Desert Shield/Desert Storm" mission in the
41 Arabian peninsula and the Persian Gulf, on or after August 2, 1990
42 or the date of inception of that operation, as proclaimed by the
43 President of the United States or Congress, whichever date of
44 inception is earliest, who has served in the Arabian peninsula or on
45 board any ship actively engaged in patrolling the Persian Gulf for a
46 period, continuous or in the aggregate, of at least 14 days
47 commencing on or before the date of termination of that mission, as
48 proclaimed by the President of the United States or Congress,

1 whichever date of termination is the latest, in such active service;
2 provided, that any person receiving an actual service-incurred injury
3 or disability shall be classed as a veteran whether or not that person
4 has completed the 14 days' service as herein provided;

5 (18) Operation Northern Watch and Operation Southern Watch,
6 on or after August 27, 1992, or the date of inception of that
7 operation, as proclaimed by the President of the United States,
8 Congress or United States Secretary of Defense, whichever date of
9 inception is earliest, who served in the theater of operation,
10 including in the Arabian peninsula and the Persian Gulf, and in
11 direct support of that operation for a period, continuously or in the
12 aggregate, of at least 14 days in such active service, commencing on
13 or before the date of termination of the operation, as proclaimed by
14 the President of the United States, Congress or United States
15 Secretary of Defense, whichever date of termination is latest;
16 provided, that any person receiving an actual service-incurred injury
17 or disability while engaged in such service shall be classed as a
18 veteran whether or not that person has completed the 14 days'
19 service as herein provided;

20 (19) Operation "Restore Hope" in Somalia, on or after December
21 5, 1992, or the date of inception of that operation as proclaimed by
22 the President of the United States or Congress, whichever date is
23 earliest, who has served in Somalia or on board any ship actively
24 engaged in patrolling the territorial waters of that nation for a
25 period, continuously or in the aggregate, of at least 14 days in such
26 active service commencing on or before March 31, 1994; provided
27 that any person receiving an actual service-incurred injury or
28 disability shall be classed as a veteran whether or not that person
29 has completed the 14-day service as herein provided;

30 (20) Operations "Joint Endeavor" and "Joint Guard" in the
31 Republic of Bosnia and Herzegovina, on or after November 20,
32 1995, who served in such active service in direct support of one or
33 both of the operations for at least 14 days, continuously or in the
34 aggregate, commencing on or before June 20, 1998, and (1) was
35 deployed in that nation or in another area in the region, or (2) was
36 on board a United States naval vessel operating in the Adriatic Sea,
37 or (3) operated in airspace above the Republic of Bosnia and
38 Herzegovina; provided that any person receiving an actual service-
39 incurred injury or disability shall be classed as a veteran whether or
40 not that person completed the 14-day service requirement;

41 (21) Operation "Enduring Freedom", on or after September 11,
42 2001, who served in a theater of operation and in direct support of
43 that operation for a period, continuously or in the aggregate, of at
44 least 14 days in such active service commencing on or before the
45 date the President of the United States or the United States
46 Secretary of Defense designates as the termination date of that
47 operation; provided, that any person receiving an actual service-
48 incurred injury or disability while engaged in such service shall be

1 classed as a veteran whether or not that person has completed the 14
2 days' service as herein provided; and

3 (22) Operation "Iraqi Freedom", on or after the date the President
4 of the United States or the United States Secretary of Defense
5 designates as the inception date of that operation, who served in
6 Iraq or in another area in the region in direct support of that
7 operation for a period, continuously or in the aggregate, of at least
8 14 days in such active service commencing on or before the date the
9 President of the United States or the United States Secretary of
10 Defense designates as the termination date of that operation;
11 provided, that any person receiving an actual service-incurred injury
12 or disability while engaged in such service shall be classed as a
13 veteran whether or not that person has completed the 14 days'
14 service as herein provided.

15 "Veteran" also means any honorably discharged member of the
16 American Merchant Marine who served during World War II and is
17 declared by the United States Department of Defense to be eligible
18 for federal veterans' benefits.

19 s. "Child" means a deceased member's unmarried child either
20 (a) under the age of 18 or (b) of any age who, at the time of the
21 member's death, is disabled because of mental retardation or
22 physical incapacity, is unable to do any substantial, gainful work
23 because of the impairment and the impairment has lasted or can be
24 expected to last for a continuous period of not less than 12 months,
25 as affirmed by the medical board.

26 t. (1) "Widower," for employees of the State, means the man to
27 whom a member was married, or a domestic partner as defined in
28 section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before
29 the date of her death and to whom she continued to be married or a
30 domestic partner until the date of her death and who was receiving
31 at least one-half of his support from the member in the 12-month
32 period immediately preceding the member's death or the accident
33 which was the direct cause of the member's death. The dependency
34 of such a widower will be considered terminated by marriage of, or
35 establishment of a domestic partnership by, the widower subsequent
36 to the death of the member. In the event of the payment of an
37 accidental death benefit, the five-year qualification shall be waived.

38 (2) Subject to the provisions of paragraph (3) of this subsection,
39 "widower," for employees of public employers other than the State,
40 means the man to whom a member was married at least five years
41 before the date of her death and to whom she continued to be
42 married until the date of her death and who was receiving at least
43 one-half of his support from the member in the 12-month period
44 immediately preceding the member's death or the accident which
45 was the direct cause of the member's death. The dependency of such
46 a widower shall be considered terminated by marriage of the
47 widower subsequent to the death of the member. In the event of the

1 payment of an accidental death benefit, the five-year qualification
2 shall be waived.

3 (3) A public employer other than the State may adopt a
4 resolution providing that the term "widower" as defined in
5 paragraph (2) of this subsection shall include domestic partners as
6 provided in paragraph (1) of this subsection.

7 u. (1) "Widow," for employees of the State, means the woman
8 to whom a member was married, or a domestic partner as defined in
9 section 3 of P.L.2003, c.246 (C.26:8A-3), at least five years before
10 the date of his death and to whom he continued to be married or a
11 domestic partner until the date of his death and who was receiving
12 at least one-half of her support from the member in the 12-month
13 period immediately preceding the member's death or the accident
14 which was the direct cause of the member's death. The dependency
15 of such a widow will be considered terminated by the marriage of,
16 or establishment of a domestic partnership by, the widow
17 subsequent to the member's death. In the event of the payment of an
18 accidental death benefit, the five-year qualification shall be waived.

19 (2) Subject to the provisions of paragraph (3) of this subsection,
20 "widow," for employees of public employers other than the State,
21 means the woman to whom a member was married at least five
22 years before the date of his death and to whom he continued to be
23 married until the date of his death and who was receiving at least
24 one-half of her support from the member in the 12-month period
25 immediately preceding the member's death or the accident which
26 was the direct cause of the member's death. The dependency of such
27 a widow shall be considered terminated by the marriage of the
28 widow subsequent to the member's death. In the event of the
29 payment of an accidental death benefit, the five-year qualification
30 shall be waived.

31 (3) A public employer other than the State may adopt a
32 resolution providing that the term "widower" as defined in
33 paragraph (2) of this subsection shall include domestic partners as
34 provided in paragraph (1) of this subsection.

35 v. "Parent" means the parent of a member who was receiving at
36 least one-half of the parent's support from the member in the 12-
37 month period immediately preceding the member's death or the
38 accident which was the direct cause of the member's death. The
39 dependency of such a parent will be considered terminated by
40 marriage of the parent subsequent to the death of the member.

41 w. "Medical board" means the board of physicians provided for
42 in N.J.S.18A:66-56.

43 x. (1) "Spouse," for employees of the State, means the husband
44 or wife, or domestic partner as defined in section 3 of P.L.2003,
45 c.246 (C.26:8A-3), of a member.

46 (2) Subject to the provisions of paragraph (1) of this subsection,
47 "spouse," for employees of public employers other than the State,
48 means the husband or wife of a member.

1 (3) A public employer other than the State may adopt a
2 resolution providing that the term "spouse" as defined in paragraph
3 (2) of this subsection shall include domestic partners as provided in
4 paragraph (1) of this subsection.

5 (cf: P.L.2010, c.1, s.20)

6
7 12. The following statutes are repealed:

8 Section 3 of P.L.2005, c.368 (C.43:15A-39.1); and

9 Section 2 of P.L.1989, c.198 (C.18A:66-14.2).

10
11 13. This act shall take effect July 1, 2010, or if enacted after that
12 date, this act shall take effect immediately upon enactment.

13
14
15 STATEMENT

16
17 The purpose of this bill is to eliminate the eligibility for
18 enrollment in any State-administered retirement system, such as the
19 Public Employees' Retirement System (PERS), for newly hired
20 officers and employees, and for the continued enrollment of those
21 who have less than 10 years of service credit in the retirement
22 system, of the New Jersey State League of Municipalities
23 (N.J.S.A.40:48-22), the New Jersey Association of Counties, the
24 New Jersey School Boards Association (N.J.S.A.18A:6-48), any
25 school board insurance group (N.J.S.A.18A:18B-3), any county
26 college joint insurance group (N.J.S.A.18A:64A-25.35), any county
27 or municipal joint insurance fund (N.J.S.A.40A:10-38), and any
28 corporation designated to manage a special improvement district
29 established by municipal ordinance (N.J.S.A.40:56-68).

30 Officers or employees who are enrolled in a retirement system
31 before the bill's effective date, have 10 or more years of service
32 credit in the retirement system on that effective date, and who
33 continue to serve that particular organization, association, group,
34 fund or corporation without a break would not be affected by the
35 bill. As a result of this bill, the entities noted above will not be
36 considered public agencies with regard to their new officers and
37 employees and current officers and employees with less than 10
38 years of pension service credit and, thus, these officers and
39 employees will no longer be eligible for health care coverage under
40 the State Health Benefits Program.

41 In addition, the bill amends the PERS law (N.J.S.A.43:15A-7) to
42 prohibit any officer or employee of a nonprofit organization that is
43 an educational foundation, or substantially similar entity, created by
44 or on behalf of an institution of higher education in this State for the
45 purpose of receiving donations from becoming a member of the
46 PERS on the basis of that employment.

47 In addition, the bill repeals two sections of law that permit
48 members of the Teachers' Pension and Annuity Fund and the Public

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1 Employees' Retirement System to continue to make contributions
2 for service credit while on an approved leave of absence as an
3 officer or representative of a local, county, or State labor
4 organization which represents, or is affiliated with an organization
5 which represents, public employees. The contributions are based
6 upon the compensation that would have been received by the
7 member under the negotiated salary guide of the employer granting
8 the leave had that member remained in service with that employer,
9 including applicable normal increments and negotiated wage
10 increases occurring during the period of the leave. The TPAF law
11 was enacted in 1989; the PERS law was enacted in 2005.