

ASSEMBLY, No. 2346

STATE OF NEW JERSEY 219th LEGISLATURE

INTRODUCED FEBRUARY 3, 2020

Sponsored by:

Assemblyman PAUL D. MORIARTY

District 4 (Camden and Gloucester)

SYNOPSIS

Prohibits employees of certain organizations from enrolling in State-administered retirement system or health care plan of public employer.

CURRENT VERSION OF TEXT

As introduced.



1 **AN ACT** concerning eligibility for service credit in a State-
2 administered retirement system and for enrollment in a health
3 care benefits plan or program of a public employer and amending
4 various parts of the statutory law.

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 or in a health care benefits plan or program provided by the
17 State or by a political subdivision of this State, as an employer, for
18 its officers and employees. The enrollment of an officer or
19 employee with less than five years of service credit in the
20 retirement system as of that effective date shall be terminated as of
21 that effective date. An officer or employee with five or more years
22 of service credit in the retirement system as of that effective date
23 shall be eligible to continue in the retirement system under the
24 terms and conditions of the person's enrollment if the person
25 continues the service without a break. The enrollment of an officer
26 or employee in a health care benefits plan or program as of that
27 effective date shall be terminated on the last day of the 24th full
28 month after that effective date.

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

30
31 2. Section 3 of P.L.1983, c.108 (C.18A:18B-3) is amended to
32 read as follows:

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

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 b. The bylaws of the school board insurance group shall
2 provide that any board of education may join the group, provided it
3 agrees to comply with the standards for membership, including risk
4 management programs, which shall be established by the group, and
5 may be a member as long as it complies with the standards for
6 membership.

7 c. A school board insurance group may sue or be sued and
8 shall appoint a natural person residing in this State or a corporation
9 authorized to do business in this State as its agent for service of
10 process. The group shall notify the commissioner of the
11 appointment.

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

19 e. A person commencing service on or after the effective date
20 of P.L. , c. (pending before the Legislature as this bill) as an
21 officer or employee of a school board insurance group shall not be
22 eligible on the basis of that service to enroll in a State-administered
23 retirement system or in a health care benefits plan or program
24 provided by the State or by a political subdivision of this State, as
25 an employer, for its officers and employees. The enrollment of an
26 officer or employee with less than five years of service credit in the
27 retirement system as of that effective date shall be terminated as of
28 that effective date. An officer or employee with five or more years
29 of service credit in the retirement system as of that effective date
30 shall be eligible to continue in the retirement system under the
31 terms and conditions of the person's enrollment if the person
32 continues the service without a break. The enrollment of an officer
33 or employee in a health care benefits plan or program as of that
34 effective date shall be terminated on the last day of the 24th full
35 month after that effective date.

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

37
38 3. Section 3 of P.L.1985, c.204 (C.18A:64A-25.35) is amended
39 to read as follows:

40 3. a. Any two or more county colleges may form and become
41 members of a county college insurance group. A county college
42 may take this action by resolution of the board of trustees of the
43 county college. Through membership in a county college insurance
44 group, a county college may participate in any joint self-insurance
45 fund or funds, risk management programs or related services
46 offered or provided by the group. The group shall have the power
47 to establish a fund or funds for coverages authorized in section 2 of
48 this act and to jointly purchase insurance or coverages under a

1 master policy or contract of insurance for participating members.
2 The group shall have the power to take other actions necessary to
3 developing, administering, and providing risk management
4 programs, joint self-insurance funds, joint insurance purchases, and
5 related services.

6 b. The bylaws of the county college insurance group shall
7 provide that any county college may join the group; provided it
8 agrees to comply with the standards for membership, including risk
9 management programs, which shall be established by the group, and
10 may be a member as long as it complies with the standards for
11 membership.

12 c. A county college insurance group may sue or be sued and
13 shall appoint a natural person residing in this State or a corporation
14 authorized to do business in this State as its agent for service of
15 process. The group shall notify the commissioner of the
16 appointment.

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

24 e. A person commencing service on or after the effective date
25 of P.L. , c. (pending before the Legislature as this bill) as an
26 officer or employee of a county college insurance group shall not be
27 eligible on the basis of that service to enroll in a State-administered
28 retirement system or in a health care benefits plan or program
29 provided by the State or by a political subdivision of this State, as
30 an employer, for its officers and employees. The enrollment of an
31 officer or employee with less than five years of service credit in the
32 retirement system as of that effective date shall be terminated as of
33 that effective date. An officer or employee with five or more years
34 of service credit in the retirement system as of that effective date
35 shall be eligible to continue in the retirement system under the
36 terms and conditions of the person's enrollment if the person
37 continues the service without a break. The enrollment of an officer
38 or employee in a health care benefits plan or program as of that
39 effective date shall be terminated on the last day of the 24th full
40 month after that effective date.

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

42

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

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

1 b. The commissioners may invest and reinvest the funds,
2 including workers' compensation funds, as authorized under the
3 provisions of subsection b. of N.J.S.40A:10-10. The commissioners
4 may, subject to the cash management plan of the joint insurance
5 fund adopted pursuant to N.J.S.40A:5-14, delegate any of the
6 functions, powers and duties relating to the investment and
7 reinvestment of these funds, including the purchase, sale or
8 exchange of any investments, securities or funds to an investment or
9 asset manager. Any transfer of investment power and duties made
10 pursuant to this subsection shall be detailed in a written contract for
11 services between the joint insurance fund and an investment or asset
12 manager. The contract shall be filed with the Commissioner of
13 Banking and Insurance and the Commissioner of Community
14 Affairs. Compensation under such an arrangement shall not be
15 based upon commissions related to the purchase, sale or exchange
16 of any investments, securities or funds. In addition to the types of
17 securities in which the joint insurance fund may invest pursuant to
18 section 8 of P.L.1977, c.396 (C.40A:5-15.1), a joint insurance fund
19 may invest moneys held in the fund in bonds, notes, and other
20 obligations issued by an agency or corporation of the federal
21 government or a governmental entity established under the laws of
22 this State, provided that the agency, corporation, or governmental
23 entity responsible for the issuance of the bonds, notes, or other
24 obligations is not in default as to the payment of principal or
25 interest upon any of its outstanding obligations, and provided
26 further that the bonds, notes, or other obligations are purchased at
27 fair market value, guaranteed as to interest and principal, and have a
28 credit rating of A3 or higher by Moody's Investor Services, Inc., A-
29 or higher by Standard & Poor's Corporation, and A- or higher by
30 Fitch Ratings, except that two of the three ratings is sufficient and
31 further provided that the Commissioner of the Department of
32 Community Affairs, in consultation with the Commissioner of the
33 Department of Banking and Insurance, shall promulgate rules and
34 regulations to limit the duration of the long-term investments and to
35 cap these investments at an appropriate percentage of a joint
36 insurance fund's overall investment portfolio. If a rating for the
37 bonds, notes, or other obligations has not been obtained from two of
38 the credit rating agencies, the bonds, notes, or other obligations may
39 be purchased if the agency, corporation, or governmental entity
40 responsible for the issuance meets the minimum rating criteria
41 specified by the previous sentence and if the bond offering has the
42 unconditional guarantee of the agency, corporation, or
43 governmental entity responsible for the issuance.

44 c. The commissioners may transfer moneys held in the fund to
45 the Director of the Division of Investment in the Department of the
46 Treasury for investment on behalf of the fund, pursuant to the
47 written directions of the commissioners, signed by an authorized
48 officer of the joint insurance fund, or any investment or asset

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

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

27 e. The commissioners or the executive board, as the case may
28 be, of any joint insurance fund established pursuant to the
29 provisions of this act shall be subject to and operate in compliance
30 with the provisions of the "Local Fiscal Affairs Law" (N.J.S.40A:5-
31 1 et seq.), the "Local Public Contracts Law," P.L.1971, c.198
32 (C.40A:11-1 et seq.) and such other rules and regulations as govern
33 the custody, investment and expenditure of public funds by local
34 units.

35 f. A person commencing service on or after the effective date
36 of P.L. , c. (pending before the Legislature as this bill) as an
37 officer or employee of a joint insurance fund shall not be eligible on
38 the basis of that service to enroll in a State-administered retirement
39 system or in a health care benefits plan or program provided by the
40 State or by a political subdivision of this State, as an employer, for
41 its officers and employees. The enrollment of an officer or
42 employee with less than five years of service credit in the
43 retirement system as of that effective date shall be terminated as of
44 that effective date. An officer or employee with five or more years
45 of service credit in the retirement system as of that effective date
46 shall be eligible to continue in the retirement system under the
47 terms and conditions of the person's enrollment if the person
48 continues the service without a break. The enrollment of an officer

1 or employee in a health care benefits plan or program as of that
2 effective date shall be terminated on the last day of the 24th full
3 month after that effective date.

4 (cf: P.L.2018, c40, s.1)

5
6 5. R.S.40:48-22 is amended to read as follows:

7 40:48-22. a. Any municipality, by resolution of its governing
8 body, may join with any other municipality or municipalities in the
9 formation of an organization of municipalities, for the purpose of
10 securing concerted action in behalf of such measures as the
11 organization shall determine to be in the common interest of the
12 organizing municipalities. The organization may meet at such times
13 and places as it may determine for the discussion of measures
14 deemed to affect the welfare of the several municipalities members
15 thereof; maintain an office, in charge of a secretary or other officer
16 or agent appointed by the organization; circulate literature and
17 information among the municipal officers of this state, and may
18 generally take such action as the organization in meeting shall
19 determine to be wise in support of such measures as it deems to be
20 in the interest of the several municipalities members thereof.

21 b. A person commencing service on or after the effective date
22 of P.L. , c. (pending before the Legislature as this bill) as an
23 officer or employee of an organization of municipalities shall not be
24 eligible on the basis of that service to enroll in a State-administered
25 retirement system or in a health care benefits plan or program
26 provided by the State or by a political subdivision of this State, as
27 an employer, for its officers and employees. The enrollment of an
28 officer or employee with less than five years of service credit in the
29 retirement system as of that effective date shall be terminated as of
30 that effective date. An officer or employee with five or more years
31 of service credit in the retirement system as of that effective date
32 shall be eligible to continue in the retirement system under the
33 terms and conditions of the person's enrollment if the person
34 continues the service without a break. The enrollment of an officer
35 or employee in a health care benefits plan or program as of that
36 effective date shall be terminated on the last day of the 24th full
37 month after that effective date.

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

39
40 6. Section 4 of P.L.1972, c.134 (C.40:56-68) is amended to
41 read as follows:

42 4. a. A pedestrian mall ordinance may be adopted if the
43 governing body of any municipality finds: (1) a street or part
44 thereof is not a part of any State highway, is located primarily in a
45 business district, is improved to its maximum feasible width with
46 regard to adjoining buildings and improvements, (2) reasonably
47 convenient alternate routes to other parts of the municipality and
48 State exist for private vehicles, (3) continued unlimited use of the

1 street or part thereof by private vehicles may constitute a hazard to
2 the health and safety of pedestrians, (4) abutting properties can
3 reasonably and adequately be provided with emergency vehicular
4 services and receive and deliver merchandise and materials from
5 other streets and alleys or by provisions for limited use of the
6 streets by emergency vehicles and carriers of such merchandise and
7 materials, and (5) it is in the best interests of the municipality and
8 the public and of benefit to adjacent properties to use such street
9 primarily for pedestrian purposes, and that pedestrian use is
10 determined to be the highest and best use of such street or part
11 thereof.

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

33 A person commencing service on or after the effective date of
34 P.L. _____, c. _____ (pending before the Legislature as this bill) as an
35 officer or employee of a district management corporation shall not
36 be eligible on the basis of that service to enroll in a State-
37 administered retirement system or in a health care benefits plan or
38 program provided by the State or by a political subdivision of this
39 State, as an employer, for its officers and employees. The
40 enrollment of an officer or employee with less than five years of
41 service credit in the retirement system as of that effective date shall
42 be terminated as of that effective date. An officer or employee with
43 five or more years of service credit in the retirement system as of
44 that effective date shall be eligible to continue in the retirement
45 system under the terms and conditions of the person's enrollment if
46 the person continues the service without a break. The enrollment of
47 an officer or employee in a health care benefits plan or program as

1 of that effective date shall be terminated on the last day of the 24th
2 full month after that effective date.

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

4
5 7. Section 7 of P.L.1954, c.84 (C.43:15A-7) is amended to read
6 as follows;

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

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

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

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

32 d. Membership in the retirement system shall be optional for
33 elected officials other than veterans, and for school crossing guards,
34 who having become eligible for benefits under other pension
35 systems are so employed on a part-time basis. Elected officials
36 commencing service on or after the effective date of sections 1
37 through 19 of P.L.2007, c.92 (C.43:15C-1 through C.43:15C-15,
38 C.43:3C-9, C.43:15A-7, C.43:15A-75 and C.43:15A-135) shall not
39 be eligible for membership in the retirement system based on
40 service in the elective public office, except that an elected official
41 enrolled in the retirement system as of that effective date who
42 continues to hold that elective public office or, for an elected
43 official specified in section 5 of P.L.2017, c.344 (C.43:15A-7.5),
44 another elective public office, without a break in service shall be
45 eligible to continue membership in the retirement system under the
46 terms and conditions of enrollment. Service in the Legislature shall
47 be considered a single elective public office. Any part-time school
48 crossing guard who is eligible for benefits under any other pension

1 system and who was hired as a part-time school crossing guard
2 prior to March 4, 1976, may at any time terminate his membership
3 in the retirement system by making an application in writing to the
4 board of trustees of the retirement system. Upon receiving such
5 application, the board of trustees shall terminate his enrollment in
6 the system and direct the employer to cease accepting contributions
7 from the member or deducting from the compensation paid to the
8 member. State employees who become members of any other
9 retirement system supported wholly or partly by the State as a
10 condition of employment shall not be eligible for membership in
11 this retirement system. Notwithstanding any other law to the
12 contrary, all other persons accepting employment in the service of
13 the State shall be required to enroll in the retirement system as a
14 condition of their employment, regardless of age.

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

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

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

40 (4) After the effective date of P.L.2010, c.1, no person in an
41 employment, office or position of the State, or an agency, board,
42 commission, authority or instrumentality of the State, for which the
43 hours of work are fixed at fewer than 35 per week shall be eligible
44 to become a member of the retirement system; and no person in
45 employment, office or position with a political subdivision of the
46 State, or an agency, board, commission, authority or instrumentality
47 of a political subdivision of the State, for which the hours of work
48 are fixed by an ordinance or resolution of the political subdivision,

1 or agency, board, commission, authority or instrumentality thereof,
2 at fewer than 32 per week shall be eligible to become a member of
3 the retirement system. Any hour or part thereof, during which the
4 person does not work due to the person's participation in a
5 voluntary or mandatory furlough program shall not be deducted in
6 determining if a person's hours of work are fixed at fewer than 35 or
7 32 per week, as appropriate, for the purpose of eligibility.

8 e. Membership of any person in the retirement system shall
9 cease if he shall discontinue his service for more than two
10 consecutive years.

11 f. The accumulated deductions of the members of the former
12 "State Employees' Retirement System" which have been set aside in
13 a trust fund designated as Fund A as provided in section 5 of this
14 act and which have not been claimed for refund prior to February 1,
15 1955 shall be transferred from said Fund A to the Annuity Savings
16 Fund of the Retirement System, provided for in section 25 of this
17 act. Each member whose accumulated deductions are so transferred
18 shall receive the same prior service credit, pension credit, and
19 membership credit in the retirement system as he previously had in
20 the former "State Employees' Retirement System" and shall have
21 such accumulated deductions credited to his individual account in
22 the Annuity Savings Fund. Any outstanding obligations of such
23 member shall be continued.

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

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

43 i. Membership in the retirement system shall be optional for a
44 special service employee who is employed under the federal Older
45 American Community Service Employment Act, Pub.L.94-135 (42
46 U.S.C.s.3056). Any special service employee employed under the
47 federal Older American Community Service Employment Act,
48 Pub.L.94-135 (42 U.S.C.s.3056), who is in the retirement system on

1 the effective date of P.L.1996, c.139 may terminate membership in
2 the retirement system by making an application in writing to the
3 board of trustees of the retirement system. Upon receiving the
4 application, the board shall terminate enrollment in the system and
5 the member shall receive a refund of accumulated deductions as of
6 the date of commencement of employment in a federal Older
7 American Community Service Employment Act program. This
8 refund of contributions shall serve as a waiver of all benefits
9 payable to the employee, to any dependent or dependents, or to any
10 beneficiary under the retirement system.

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

21 k. An employee of a renaissance school project established
22 pursuant to P.L.2011, c.176 (C.18A:36C-1 et seq.) upon
23 commencement of employment.

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

29 (cf: P.L.2018, c.129, s.2)

30

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

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

44 (b) Notwithstanding the provisions of subsection (a) of this
45 section, every person becoming an employee of a public agency or
46 organization of this State, which employs persons engaged in
47 service to the public, after June 30, 1966, who is not eligible to
48 become a member of any other retirement system, shall be required

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

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

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

44
45 9. Section 71 of P.L.1954, c.84 (C.43:15A-71) is amended to
46 read as follows:

47 71. The words "public agency or organization" as used in this
48 act shall be construed to mean and include any agency or

1 organization which operates public works or is engaged in service
2 to the public for 1 or more municipalities, local boards of health, or
3 counties, and whose revenue is derived from other than State funds,
4 but shall not be construed to include any subdivision of any county,
5 municipality, school district, privately owned public utility or
6 service or any religious, educational or charitable organization.

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

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

18
19 10. This act shall take effect immediately.

20 21 22 STATEMENT

23
24 The purpose of this bill is to eliminate the eligibility for
25 enrollment in any State-administered retirement system, such as the
26 Public Employees' Retirement System (PERS), for newly hired
27 officers and employees, and for the continued enrollment of those
28 who have less than five years of service credit in the retirement
29 system, of the New Jersey State League of Municipalities
30 (N.J.S.A.40:48-22), the New Jersey Association of Counties, the
31 New Jersey School Boards Association (N.J.S.A.18A:6-48), any
32 school board insurance group (N.J.S.A.18A:18B-3), any county
33 college joint insurance group (N.J.S.A.18A:64A-25.35), any county
34 or municipal joint insurance fund (N.J.S.A.40A:10-38), and any
35 corporation designated to manage a special improvement district
36 established by municipal ordinance (N.J.S.A.40:56-68). The bill
37 also eliminates the eligibility of these officers and employees for
38 health care benefits coverage through the State Health Benefits
39 Program or through any health care benefits plan or program
40 provided by the State or a political subdivision of this State, as an
41 employer, for its officers and employees. The eligibility for
42 coverage for all current officers and employees is terminated 24
43 months after the bill's effective date.

44 A person commencing service on or after the effective date of
45 the bill as an officer or employee of such an organization,
46 association, group, fund, or corporation would no longer be eligible
47 for enrollment in a retirement system or in a health care benefits
48 plan or program for public employees, on the basis of that service.

1 Officers or employees who are enrolled in a retirement system or in
2 a health care benefits plan or program before the bill's effective
3 date and who continue to serve that particular organization,
4 association, group, fund or corporation without a break would not
5 be affected by the bill except as provided.

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