

ASSEMBLY, No. 5026

STATE OF NEW JERSEY

219th LEGISLATURE

INTRODUCED NOVEMBER 19, 2020

Sponsored by:

Assemblyman JOHN J. BURZICHELLI

District 3 (Cumberland, Gloucester and Salem)

Assemblyman HAROLD "HAL" J. WIRTHS

District 24 (Morris, Sussex and Warren)

Assemblywoman NANCY F. MUNOZ

District 21 (Morris, Somerset and Union)

Co-Sponsored by:

Assemblyman Space

SYNOPSIS

Prohibits new 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 enrollment in a State-administered
2 retirement system and in a health care benefits plan or program by
3 certain employees and amending various parts of the statutory law.

4
5 **BE IT ENACTED** by the Senate and General Assembly of the State
6 of New Jersey:

7
8 1. N.J.S.18A:6-48 is amended to read as follows:

9 18A:6-48. a. The association may select such officers as may be
10 necessary for the transaction of its business.

11 b. A person commencing service on or after the effective date of
12 P.L. , c. (pending before the Legislature as this bill) as an officer
13 or employee of the association shall not be eligible on the basis of
14 that service to enroll in a State-administered retirement system or in
15 a health care benefits plan or program provided by the State or by a
16 political subdivision of this State, as an employer, for its officers and
17 employees. An officer or employee enrolled in a retirement system
18 or health care benefits plan or program as of that effective date shall
19 be eligible to continue in the retirement system or plan or program
20 under the terms and conditions of the person's enrollment if the
21 person continues the service without a break.

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

23

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

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

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

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

12 e. A person commencing service on or after the effective date of
13 P.L. , c. (pending before the Legislature as this bill) as an officer
14 or employee of a school board insurance group shall not be eligible
15 on the basis of that service to enroll in a State-administered
16 retirement system or in a health care benefits plan or program
17 provided by the State or by a political subdivision of this State, as an
18 employer, for its officers and employees. An officer or employee
19 enrolled in a retirement system or health care benefits plan or
20 program as of that effective date shall be eligible to continue in the
21 retirement system or plan or program under the terms and conditions
22 of the person's enrollment if the person continues the service without
23 a break.

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

25
26 3. Section 3 of P.L.1985, c.204 (C.18A:64A-25.35) is amended
27 to read as follows:

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

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

47 c. A county college insurance group may sue or be sued and
48 shall appoint a natural person residing in this State or a corporation

1 authorized to do business in this State as its agent for service of
2 process. The group shall notify the commissioner of the appointment.

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

10 e. A person commencing service on or after the effective date of
11 P.L. , c. (pending before the Legislature as this bill) as an officer
12 or employee of a county college insurance group shall not be eligible
13 on the basis of that service to enroll in a State-administered
14 retirement system or in a health care benefits plan or program
15 provided by the State or by a political subdivision of this State, as an
16 employer, for its officers and employees. An officer or employee
17 enrolled in a retirement system or health care benefits plan or
18 program as of that effective date shall be eligible to continue in the
19 retirement system or plan or program under the terms and conditions
20 of the person's enrollment if the person continues the service without
21 a break.

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

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

25 40:23-6. a. A county may agree to contribute and expend in any
26 1 year, for membership in and the service of the New Jersey
27 Association of Counties and the County Officers Association of New
28 Jersey, such sums as said county may determine.

29 b. A person commencing service on or after the effective date of
30 P.L. , c. (pending before the Legislature as this bill) as an officer
31 or employee of the New Jersey Association of Counties shall not be
32 eligible on the basis of that service to enroll in a State-administered
33 retirement system or in a health care benefits plan or program
34 provided by the State or by a political subdivision of this State, as an
35 employer, for its officers and employees. An officer or employee
36 enrolled in a retirement system or health care benefits plan or
37 program as of that effective date shall be eligible to continue in the
38 retirement system or plan or program under the terms and conditions
39 of the person's enrollment if the person continues the service without
40 a break.

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

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

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

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

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

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

44 (cf: P.L.2018, c.40, s.1)

45

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

47 40:48-22. a. Any municipality, by resolution of its governing
48 body, may join with any other municipality or municipalities in the

1 formation of an organization of municipalities, for the purpose of
2 securing concerted action in behalf of such measures as the
3 organization shall determine to be in the common interest of the
4 organizing municipalities. The organization may meet at such times
5 and places as it may determine for the discussion of measures deemed
6 to affect the welfare of the several municipalities members thereof;
7 maintain an office, in charge of a secretary or other officer or agent
8 appointed by the organization; circulate literature and information
9 among the municipal officers of this state, and may generally take
10 such action as the organization in meeting shall determine to be wise
11 in support of such measures as it deems to be in the interest of the
12 several municipalities members thereof.

13 b. A person commencing service on or after the effective date of
14 P.L. , c. (pending before the Legislature as this bill) as an officer
15 or employee of an organization of municipalities shall not be eligible
16 on the basis of that service to enroll in a State-administered
17 retirement system or in a health care benefits plan or program
18 provided by the State or by a political subdivision of this State, as an
19 employer, for its officers and employees. An officer or employee
20 enrolled in a retirement system or health care benefits plan or
21 program as of that effective date shall be eligible to continue in the
22 retirement system or plan or program under the terms and conditions
23 of the person's enrollment if the person continues the service without
24 a break.

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

26

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

29 4. a. A pedestrian mall ordinance may be adopted if the
30 governing body of any municipality finds: (1) a street or part thereof
31 is not a part of any State highway, is located primarily in a business
32 district, is improved to its maximum feasible width with regard to
33 adjoining buildings and improvements, (2) reasonably convenient
34 alternate routes to other parts of the municipality and State exist for
35 private vehicles, (3) continued unlimited use of the street or part
36 thereof by private vehicles may constitute a hazard to the health and
37 safety of pedestrians, (4) abutting properties can reasonably and
38 adequately be provided with emergency vehicular services and
39 receive and deliver merchandise and materials from other streets and
40 alleys or by provisions for limited use of the streets by emergency
41 vehicles and carriers of such merchandise and materials, and (5) it is
42 in the best interests of the municipality and the public and of benefit
43 to adjacent properties to use such street primarily for pedestrian
44 purposes, and that pedestrian use is determined to be the highest and
45 best use of such street or part thereof.

46 b. A special improvement district ordinance may be adopted if
47 the governing body of a municipality finds: (1) that an area within
48 the municipality, as described by lot and block numbers and by street

1 addresses in the enabling ordinance, would benefit from being
2 designated as a special improvement district; (2) that a district
3 management corporation would provide administrative and other
4 services to benefit the businesses, employees, residents and
5 consumers in the special improvement district; (3) that a special
6 assessment shall be imposed and collected by the municipality with
7 the regular property tax payment or payment in lieu of taxes or
8 otherwise, and that all or a portion of these payments shall be
9 transferred to the district management corporation to effectuate the
10 purposes of this amendatory and supplementary act and to exercise
11 the powers given to it by municipal ordinance; and (4) that it is in
12 the best interests of the municipality and the public to create a special
13 improvement district and to designate a district management
14 corporation; except that no district management corporation shall be
15 designated to receive any funds or to exercise any powers pursuant
16 to the provisions of this amendatory and supplementary act, unless
17 the board of directors of that corporation shall include at least one
18 member of the governing body of the municipality.

19 A person commencing service on or after the effective date of
20 P.L. , c. (pending before the Legislature as this bill) as an officer
21 or employee of a district management corporation 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 an
25 employer, for its officers and employees. An officer or employee
26 enrolled in a retirement system or health care benefits plan or
27 program as of that effective date shall be eligible to continue in the
28 retirement system or plan or program under the terms and conditions
29 of the person's enrollment if the person continues the service without
30 a break.

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

32
33 8. Section 7 of P.L.1954, c.84 (C.43:15A-7) is amended to read
34 as follows;

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

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

43 b. Any person becoming an employee of the State or other
44 employer after January 2, 1955 and every veteran, other than a retired
45 member who returns to service pursuant to subsection b. of section
46 27 of P.L.1966, c.217 (C.43:15A-57.2) and other than those whose
47 appointments are seasonal, becoming an employee of the State or
48 other employer after such date, including a temporary employee with

1 at least one year's continuous service. The membership of the
2 retirement system shall not include those persons appointed to serve
3 as described in paragraphs (2) and (3) of subsection a. of section 2 of
4 P.L.2007, c.92 (C.43:15C-2), except a person who was a member of
5 the retirement system prior to the effective date of sections 1 through
6 19 of P.L.2007, c.92 (C.43:15C-1 through C.43:15C-15, C.43:3C-9,
7 C.43:15A-7, C.43:15A-75 and C.43:15A-135) and continuously
8 thereafter; and

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

12 d. Membership in the retirement system shall be optional for
13 elected officials other than veterans, and for school crossing guards,
14 who having become eligible for benefits under other pension systems
15 are so employed on a part-time basis. Elected officials commencing
16 service on or after the effective date of sections 1 through 19 of
17 P.L.2007, c.92 (C.43:15C-1 through C.43:15C-15, C.43:3C-9,
18 C.43:15A-7, C.43:15A-75 and C.43:15A-135) shall not be eligible
19 for membership in the retirement system based on service in the
20 elective public office, except that an elected official enrolled in the
21 retirement system as of that effective date who continues to hold that
22 elective public office or, for an elected official specified in section 5
23 of P.L.2017, c.344 (C.43:15A-7.5), another elective public office,
24 without a break in service shall be eligible to continue membership
25 in the retirement system under the terms and conditions of
26 enrollment. Service in the Legislature shall be considered a single
27 elective public office. Any part-time school crossing guard who is
28 eligible for benefits under any other pension system and who was
29 hired as a part-time school crossing guard prior to March 4, 1976,
30 may at any time terminate his membership in the retirement system
31 by making an application in writing to the board of trustees of the
32 retirement system. Upon receiving such application, the board of
33 trustees shall terminate his enrollment in the system and direct the
34 employer to cease accepting contributions from the member or
35 deducting from the compensation paid to the member. State
36 employees who become members of any other retirement system
37 supported wholly or partly by the State as a condition of employment
38 shall not be eligible for membership in this retirement system.
39 Notwithstanding any other law to the contrary, all other persons
40 accepting employment in the service of the State shall be required to
41 enroll in the retirement system as a condition of their employment,
42 regardless of age.

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

47 (2) After November 1, 2008, a person who was a member of the
48 retirement system on that date and continuously thereafter shall be

1 eligible to be a member of the retirement system in employment,
2 office or position, for which the annual salary or remuneration is
3 fixed at \$1,500 or more.

4 (3) After November 1, 2008 and before or on the effective date of
5 P.L.2010, c.1, a person who was not a member of the retirement
6 system on November 1, 2008, or who was a member of the retirement
7 system on that date but not continuously thereafter, and who is in
8 employment, office or position, for which the annual salary or
9 remuneration is certified by the applicable public entity at \$7,500 or
10 more, shall be eligible to become a member of the retirement system.
11 The \$7,500 minimum annual salary or remuneration amount shall be
12 adjusted annually by the Director of the Division of Pensions and
13 Benefits, by regulation, in accordance with changes in the Consumer
14 Price Index but by no more than 4 percent. "Consumer Price Index"
15 means the average of the annual increase, expressed as a percentage,
16 in the consumer price index for all urban consumers in the New York
17 City and Philadelphia metropolitan statistical areas during the
18 preceding calendar year as reported by the United States Department
19 of Labor.

20 (4) After the effective date of P.L.2010, c.1, no person in an
21 employment, office or position of the State, or an agency, board,
22 commission, authority or instrumentality of the State, for which the
23 hours of work are fixed at fewer than 35 per week shall be eligible to
24 become a member of the retirement system; and no person in
25 employment, office or position with a political subdivision of the
26 State, or an agency, board, commission, authority or instrumentality
27 of a political subdivision of the State, for which the hours of work
28 are fixed by an ordinance or resolution of the political subdivision,
29 or agency, board, commission, authority or instrumentality thereof,
30 at fewer than 32 per week shall be eligible to become a member of
31 the retirement system. Any hour or part thereof, during which the
32 person does not work due to the person's participation in a voluntary
33 or mandatory furlough program shall not be deducted in determining
34 if a person's hours of work are fixed at fewer than 35 or 32 per week,
35 as appropriate, for the purpose of eligibility and the person's service
36 credit as a member of the system or fund shall include the period of
37 mandatory or voluntary furlough provided the person continues to
38 make contributions based on the person's base salary or
39 compensation. If the pay of a furloughed person is insufficient to
40 withhold the entirety of the person's regular contributions, then the
41 person shall remit the entirety of the regular contribution which was
42 not withheld from the person's pay to the Division of Pensions and
43 Benefits in the Department of the Treasury in a manner determined
44 by the division, except that no deduction for the payment of such
45 contributions shall be made from the unemployment compensation
46 benefits of the employee.

- 1 e. Membership of any person in the retirement system shall
2 cease if he shall discontinue his service for more than two
3 consecutive years.
- 4 f. The accumulated deductions of the members of the former
5 "State Employees' Retirement System" which have been set aside in
6 a trust fund designated as Fund A as provided in section 5 of this act
7 and which have not been claimed for refund prior to February 1, 1955
8 shall be transferred from said Fund A to the Annuity Savings Fund
9 of the Retirement System, provided for in section 25 of this act. Each
10 member whose accumulated deductions are so transferred shall
11 receive the same prior service credit, pension credit, and membership
12 credit in the retirement system as he previously had in the former
13 "State Employees' Retirement System" and shall have such
14 accumulated deductions credited to his individual account in the
15 Annuity Savings Fund. Any outstanding obligations of such member
16 shall be continued.
- 17 g. Any school crossing guard electing to terminate his
18 membership in the retirement system pursuant to subsection d. of this
19 section shall, upon his request, receive a refund of his accumulated
20 deductions as of the date of his appointment to the position of school
21 crossing guard. Such refund of contributions shall serve as a waiver
22 of all benefits payable to the employee, to his dependent or
23 dependents, or to any of his beneficiaries under the retirement
24 system.
- 25 h. A temporary employee who is employed under the federal
26 Workforce Investment Act shall not be eligible for membership in
27 the system. Membership for temporary employees employed under
28 the federal Job Training Partnership Act, Pub.L.97-300 (29
29 U.S.C.s.1501) who are in the system on September 19, 1986 shall be
30 terminated, and affected employees shall receive a refund of their
31 accumulated deductions as of the date of commencement of
32 employment in a federal Job Training Partnership Act program. Such
33 refund of contributions shall serve as a waiver of all benefits payable
34 to the employee, to his dependent or dependents, or to any of his
35 beneficiaries under the retirement system.
- 36 i. Membership in the retirement system shall be optional for a
37 special service employee who is employed under the federal Older
38 American Community Service Employment Act, Pub.L.94-135 (42
39 U.S.C.s.3056). Any special service employee employed under the
40 federal Older American Community Service Employment Act,
41 Pub.L.94-135 (42 U.S.C.s.3056), who is in the retirement system on
42 the effective date of P.L.1996, c.139 may terminate membership in
43 the retirement system by making an application in writing to the
44 board of trustees of the retirement system. Upon receiving the
45 application, the board shall terminate enrollment in the system and
46 the member shall receive a refund of accumulated deductions as of
47 the date of commencement of employment in a federal Older
48 American Community Service Employment Act program. This

1 refund of contributions shall serve as a waiver of all benefits payable
2 to the employee, to any dependent or dependents, or to any
3 beneficiary under the retirement system.

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

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

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

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

23
24 9. Section 65 of P.L.1954, c.84 (C.43:15A-65) is amended to
25 read as follows:

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

37 (b) Notwithstanding the provisions of subsection (a) of this
38 section, every person becoming an employee of a public agency or
39 organization of this State, which employs persons engaged in service
40 to the public, after June 30, 1966, who is not eligible to become a
41 member of any other retirement system, shall be required to
42 participate in the Public Employees' Retirement System.
43 Notwithstanding the provisions of subsection (a) of this section,
44 membership in the Public Employees' Retirement System shall be
45 optional with any person in the employ of any such public agency or
46 organization on June 30, 1966, provided such person is not required
47 to be a member pursuant to another provision of this act, and provided
48 further that such person is not eligible to be a member of any other

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

19 (c) A person commencing service on or after the effective date of
20 P.L. , c. (pending before the Legislature as this bill) as an officer
21 or employee of an organization or association of counties or
22 municipalities, such as the New Jersey State League of
23 Municipalities and the New Jersey Association of Counties, or a
24 substantially similar successor organization or association, or a joint
25 insurance group or fund for political subdivisions of this State, shall
26 not be eligible for membership in the retirement system based on that
27 service. An officer or employee enrolled in the retirement system as
28 of that effective date shall be eligible to continue in the retirement
29 system under the terms and conditions of the person's enrollment if
30 the person continues the service without a break.

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

32
33 10. Section 71 of P.L.1954, c.84 (C.43:15A-71) is amended to
34 read as follows:

35 71. The words "public agency or organization" as used in this act
36 shall be construed to mean and include any agency or organization
37 which operates public works or is engaged in service to the public for
38 1 or more municipalities, local boards of health, or counties, and
39 whose revenue is derived from other than State funds, but shall not
40 be construed to include any subdivision of any county, municipality,
41 school district, privately owned public utility or service or any
42 religious, educational or charitable organization.

43 An organization or association of counties or municipalities, such
44 as the New Jersey State League of Municipalities and the New Jersey
45 Association of Counties, and a substantially similar successor
46 organization or association, and a joint insurance group or fund for
47 political subdivisions of this State shall not be considered a public
48 agency or organization with regard to its officers and employees

1 commencing service on or after the effective date of
2 P.L. , c. (pending before the Legislature as this bill).
3 (cf: P.L.1954, c.84, s.71)

4
5 11. This act shall take effect immediately.

6
7
8 STATEMENT

9
10 The purpose of this bill is to eliminate the eligibility for
11 enrollment in any State-administered retirement system, such as the
12 Public Employees' Retirement System (PERS), for newly hired
13 officers and employees of the New Jersey State League of
14 Municipalities (N.J.S.A.40:48-22), the New Jersey Association of
15 Counties (N.J.S.40:23-6), the New Jersey School Boards Association
16 (N.J.S.A.18A:6-48), any school board insurance group
17 (N.J.S.A.18A:18B-3), any county college joint insurance group
18 (N.J.S.A.18A:64A-25.35), any county or municipal joint insurance
19 fund (N.J.S.A.40A:10-38), and any corporation designated to
20 manage a special improvement district established by municipal
21 ordinance (N.J.S.A.40:56-68). The bill also eliminates the eligibility
22 of these new officers and employees for health care benefits coverage
23 through the State Health Benefits Program or through any health care
24 benefits plan or program provided by the State or a political
25 subdivision of this State, as an employer, for its officers and
26 employees.

27 A person commencing service on or after the effective date of the
28 bill as an officer or employee of such an organization, association,
29 group, fund, or corporation would no longer be eligible for
30 enrollment, on the basis of that service, in a retirement system or in
31 a health care benefits plan or program for public employees. Officers
32 or employees who are enrolled in a retirement system or in a health
33 care benefits plan or program before the bill's effective date and who
34 continue to serve that particular organization, association, group,
35 fund or corporation without a break would not be affected by the bill.

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