

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 4189
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: DECEMBER 17, 2021

SUMMARY

Synopsis: Permits PERS member to retire while holding elected office.

Type of Impact: Expenditure decrease for State General Fund and local government funds.

Agencies Affected: Department of the Treasury; counties and municipalities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
State Savings		Indeterminate	
Local Savings		Indeterminate	

- The Office of Legislative Services (OLS) estimates that this bill will result in a reduction in compensation costs for the public entity from which the member retires and for the public entity in which the member holds elective public office. Additional savings will result from not having to pay for health care benefits, pension contributions, and other fringe benefits costs for the retired member.
- Annual savings cannot be determined because the number of elected public officials who are eligible to retire and who will choose to retire in accordance with this bill, and the type of office or employment held by each, is not known. The OLS does believe that the number is limited and the impact on any one public entity will be limited.
- The savings will result to the public entity in which the retired member is holding elective public office and to the public entity from which the member is retiring, if the member would not have retired but for the ability to continue to hold the elective public office after retirement.
- This bill will apply only to a limited number of elected office holders who were enrolled in the Public Employees' Retirement System (PERS) prior to 2007 and have continuously, since then, held the same elective public office. Office holders elected since 2007 are not permitted to enroll in the PERS, and are eligible to participate only in the Defined Contribution Retirement Program (DCRP).

BILL DESCRIPTION

This bill provides that a member of the Public Employees' Retirement System may retire while holding public office to which the member was elected and receiving the full salary for that office if the member's retirement allowance is not based solely on the member's service in the public office to which the member was elected. After the member retires, no contributions would be required of the member covering that service in elective public office. Under the bill, a member who retires while holding public office to which the member was elected would not be paid a salary or stipend for service as an elected official in that public office for a period of one year following the member's date of retirement.

Under current law, if a member of PERS is also an elected official and retires from the member's public employment, the member would be required to not only retire from that employment but also retire from the elected position in order to collect the member's pension. This bill would prevent an elected official from being forced to retire from an elected position in order to receive the member's pension from another PERS-eligible position.

This bill would reenact N.J.S.A.43:15A-47.2, which was repealed by P.L.2011, c.78, a law that made various changes to pension and health care benefits for public employees. Prior to the repeal, N.J.S.A.43:15A-47.2 permitted PERS members to retire while holding public office, except that the former law did not contain a provision prohibiting a member who retires while holding public office from receiving a salary or stipend for a period of one year following the member's date of retirement.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

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The savings will result to the public entity in which the retired member is holding elective public office and to the public entity from which the member is retiring, if the member would not have retired but for the ability to continue to hold the elective public office after retirement.

This bill will apply only to a limited number of elected office holders who were enrolled in the PERS prior to 2007 and have continuously, since then, held the same elective public office. Office holders elected since 2007 are not permitted to enroll in the PERS, and are eligible to participate only in the DCRP.

Section: State Government

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).