SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 4250

with committee amendments

STATE OF NEW JERSEY

DATED: JANUARY 6, 2022

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 4250, with committee amendments.

This bill changes membership eligibility for the Public Employees' Retirement System (PERS) for certain elected public officials and provides for PERS reenrollment.

Under the bill, a person will be eligible to reenroll in PERS if the person: (1) was a member of PERS on July 1, 2007; (2) has 10 or more years of service credit in the PERS on the effective date of this bill; (3) was elected to public office, or selected to fill a vacancy in an elective public office, after July 1, 2007; (4) has at least 10 years of continuous service in one or more elective public offices of this State; and (5) holds an elective public office on the effective date of this bill.

This would not apply to a person who had a break in service of more than 60 days between the termination of the employment that made the person eligible to be a member of PERS and the commencement of service in the elective public office.

Under current law, a person who has been elected to public office after July 1, 2007 is required to participate in the Defined Contribution Retirement Program.

Under the bill, as of the date of enrollment in the system, the elected official's participation, if any, in another State-administered retirement program on the basis of that elective public office would be suspended. The elected public official may elect to waive enrollment in the PERS by signing a form prepared by the division.

The bill also provides that an elected public official eligible for enrollment in PERS under the bill may request, in writing, within 180 days of the bill's effective date that the official's enrollment in the system be made retroactive to the date of the elected official's assumption of the elective public office. The bill requires that any contributions to be paid to the PERS by the employee for the period of retroactive enrollment would be based on the compensation received for the elective public office held on the effective date of the bill.

In addition, this bill permits an elected public official who has retired from the Public Employees' Retirement System (PERS), but who was eligible to reenroll in the PERS as an elected public official according to N.J.S.A.43:15A-7.5, enacted in 2017, to submit a written

request to have the person's service credit and the retirement allowance in the PERS recalculated without reenrollment. The person's service credit and retirement allowance would be recalculated as if the person had been reenrolled retroactively, but only to the date on which the person had retired. The person would receive a retroactive payment based upon the difference between the original retirement allowance and the recalculated retirement allowance. The person would be required to make such contributions to the PERS as necessary for the cost of the recalculated retirement allowance. The amendment also specifies that the division must ensure that no person submitting a request as described in this paragraph receives a benefit that is greater than that of any other member of the retirement system as it relates to the calculation or the retirement allowance, and that this bill will be effective if the qualified status of the retirement system under federal law can be maintained upon its application, and such modifications to the system as may be available will be made to allow for its application.

COMMITTEE AMENDMENTS

The committee amendments permit an elected public official who has retired from the Public Employees' Retirement System (PERS), but who was eligible to reenroll in the PERS as an elected public official according to N.J.S.A.43:15A-7.5, enacted in 2017, to submit a written request to have the person's service credit and the retirement allowance in the PERS recalculated without reenrollment. The person's service credit and retirement allowance would be recalculated as if the person had been reenrolled retroactively, but only to the date on which the person had retired. The person would receive a retroactive payment based upon the difference between the original retirement allowance and the recalculated retirement allowance. The person would be required to make such contributions to the PERS as necessary for the cost of the recalculated retirement allowance.

The committee amendments also specify that the division must ensure that no person submitting a request as described in this paragraph receives a benefit that is greater than that of any other member of the retirement system as it relates to the calculation or the retirement allowance, and that this bill will be effective if the qualified status of the retirement system under federal law can be maintained upon its application, and such modifications to the system as may be available will be made to allow for its application.

FISCAL IMPACT

The Office of Legislative Services notes that there is insufficient information to assess and analyze the fiscal impact of this bill.