

# SENATE, No. 2100

## STATE OF NEW JERSEY 214th LEGISLATURE

INTRODUCED JUNE 24, 2010

**Sponsored by:**

**Senator STEPHEN M. SWEENEY**

**District 3 (Salem, Cumberland and Gloucester)**

**Senator M. TERESA RUIZ**

**District 29 (Essex and Union)**

**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.



**(Sponsorship Updated As Of: 8/24/2010)**

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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

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

44 40:23-6. a. A county may agree to contribute and expend in any  
45 1 year, for membership in and the service of the New Jersey  
46 Association of Counties and the County Officers Association of  
47 New Jersey, such sums as said county may determine.

1        b. A person commencing service on or after the effective date  
2 of P.L. , c. (pending before the Legislature as this bill) as an  
3 officer or employee of the New Jersey Association of Counties shall  
4 not be eligible on the basis of that service to enroll in a State-  
5 administered retirement system or in a health care benefits plan or  
6 program provided by the State or by a political subdivision of this  
7 State, as an employer, for its officers and employees. The  
8 enrollment of an officer or employee with less than five years of  
9 service credit in the retirement system as of that effective date shall  
10 be terminated as of that effective date. An officer or employee with  
11 five or more years of service credit in the retirement system as of  
12 that effective date shall be eligible to continue in the retirement  
13 system under the terms and conditions of the person's enrollment if  
14 the person continues the service without a break. The enrollment of  
15 an officer or employee in a health care benefits plan or program as  
16 of that effective date shall be terminated on the last day of the 24th  
17 full month after that effective date.

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

19

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

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

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

42        c. The commissioners may transfer moneys held in the fund to  
43 the Director of the Division of Investment in the Department of the  
44 Treasury for investment on behalf of the fund, pursuant to the  
45 written directions of the commissioners, signed by an authorized  
46 officer of the joint insurance fund, or any investment or asset  
47 manager designated by them. The commissioners shall provide a  
48 written notice to the director detailing the extent of the authority

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

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

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

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

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

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

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

6 40:48-22. a. Any municipality, by resolution of its governing  
7 body, may join with any other municipality or municipalities in the  
8 formation of an organization of municipalities, for the purpose of  
9 securing concerted action in behalf of such measures as the  
10 organization shall determine to be in the common interest of the  
11 organizing municipalities. The organization may meet at such times  
12 and places as it may determine for the discussion of measures  
13 deemed to affect the welfare of the several municipalities members  
14 thereof; maintain an office, in charge of a secretary or other officer  
15 or agent appointed by the organization; circulate literature and  
16 information among the municipal officers of this state, and may  
17 generally take such action as the organization in meeting shall  
18 determine to be wise in support of such measures as it deems to be  
19 in the interest of the several municipalities members thereof.

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

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

38

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

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

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

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

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



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

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

4

5 8. 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 without a break in  
43 service shall be eligible to continue membership in the retirement  
44 system under the terms and conditions of enrollment. Service in the  
45 Legislature shall be considered a single elective public office. Any  
46 part-time school crossing guard who is eligible for benefits under  
47 any other pension system and who was hired as a part-time school  
48 crossing guard prior to March 4, 1976, may at any time terminate

1 his membership in the retirement system by making an application  
2 in writing to the board of trustees of the retirement system. Upon  
3 receiving such application, the board of trustees shall terminate his  
4 enrollment in the system and direct the employer to cease accepting  
5 contributions from the member or deducting from the compensation  
6 paid to the member. State employees who become members of any  
7 other retirement system supported wholly or partly by the State as a  
8 condition of employment shall not be eligible for membership in  
9 this retirement system. Notwithstanding any other law to the  
10 contrary, all other persons accepting employment in the service of  
11 the State shall be required to enroll in the retirement system as a  
12 condition of their employment, regardless of age. Before or on the  
13 effective date of P.L.2008, c.89, no person in employment, office or  
14 position, for which the annual salary or remuneration is fixed at less  
15 than \$1,500.00, shall be eligible to become a member of the  
16 retirement system. After the effective date of P.L.2008, c.89, a  
17 person who was a member of the retirement system on that effective  
18 date and continuously thereafter shall be eligible to be a member of  
19 the retirement system in employment, office or position, for which  
20 the annual salary or remuneration is fixed at \$1,500 or more. After  
21 the effective date of P.L.2008, c.89, a person who was not a  
22 member of the retirement system on that effective date, or who was  
23 a member of the retirement system on that effective date but not  
24 continuously thereafter, and who is in employment, office or  
25 position, for which the annual salary or remuneration is certified by  
26 the applicable public entity at \$7,500 or more, shall be eligible to  
27 become a member of the retirement system. The \$7,500 minimum  
28 annual salary or remuneration amount shall be adjusted annually by  
29 the Director of the Division of Pensions and Benefits, by regulation,  
30 in accordance with changes in the Consumer Price Index but by no  
31 more than 4 percent. "Consumer Price Index" means the average of  
32 the annual increase, expressed as a percentage, in the consumer  
33 price index for all urban consumers in the New York City and  
34 Philadelphia metropolitan statistical areas during the preceding  
35 calendar year as reported by the United States Department of Labor.

36 e. Membership of any person in the retirement system shall  
37 cease if he shall discontinue his service for more than two  
38 consecutive years.

39 f. The accumulated deductions of the members of the former  
40 "State Employees' Retirement System" which have been set aside in  
41 a trust fund designated as Fund A as provided in section 5 of this  
42 act and which have not been claimed for refund prior to February 1,  
43 1955 shall be transferred from said Fund A to the Annuity Savings  
44 Fund of the Retirement System, provided for in section 25 of this  
45 act. Each member whose accumulated deductions are so transferred  
46 shall receive the same prior service credit, pension credit, and  
47 membership credit in the retirement system as he previously had in  
48 the former "State Employees' Retirement System" and shall have

1 such accumulated deductions credited to his individual account in  
2 the Annuity Savings Fund. Any outstanding obligations of such  
3 member shall be continued.

4 g. Any school crossing guard electing to terminate his  
5 membership in the retirement system pursuant to subsection d. of  
6 this section shall, upon his request, receive a refund of his  
7 accumulated deductions as of the date of his appointment to the  
8 position of school crossing guard. Such refund of contributions  
9 shall serve as a waiver of all benefits payable to the employee, to  
10 his dependent or dependents, or to any of his beneficiaries under the  
11 retirement system.

12 h. A temporary employee who is employed under the federal  
13 Workforce Investment Act shall not be eligible for membership in  
14 the system. Membership for temporary employees employed under  
15 the federal Job Training Partnership Act, Pub.L.97-300 (29  
16 U.S.C.s.1501) who are in the system on September 19, 1986 shall  
17 be terminated, and affected employees shall receive a refund of  
18 their accumulated deductions as of the date of commencement of  
19 employment in a federal Job Training Partnership Act program.  
20 Such refund of contributions shall serve as a waiver of all benefits  
21 payable to the employee, to his dependent or dependents, or to any  
22 of his beneficiaries under the retirement system.

23 i. Membership in the retirement system shall be optional for a  
24 special service employee who is employed under the federal Older  
25 American Community Service Employment Act, Pub.L.94-135 (42  
26 U.S.C.s.3056). Any special service employee employed under the  
27 federal Older American Community Service Employment Act,  
28 Pub.L.94-135 (42 U.S.C.s.3056), who is in the retirement system on  
29 the effective date of P.L.1996, c.139 may terminate membership in  
30 the retirement system by making an application in writing to the  
31 board of trustees of the retirement system. Upon receiving the  
32 application, the board shall terminate enrollment in the system and  
33 the member shall receive a refund of accumulated deductions as of  
34 the date of commencement of employment in a federal Older  
35 American Community Service Employment Act program. This  
36 refund of contributions shall serve as a waiver of all benefits  
37 payable to the employee, to any dependent or dependents, or to any  
38 beneficiary under the retirement system.

39 j. An employee of the South Jersey Port Corporation who was  
40 employed by the South Jersey Port Corporation as of the effective  
41 date of P.L.1997, c.150 (C.34:1B-144 et al.) and who shall be re-  
42 employed within 365 days of such effective date by a subsidiary  
43 corporation or other corporation, which has been established by the  
44 Delaware River Port Authority pursuant to subdivision (m) of  
45 Article I of the compact creating the Delaware River Port Authority  
46 (R.S.32:3-2), as defined in section 3 of P.L.1997, c.150 (C.34:1B-  
47 146), shall be eligible to continue membership while an employee  
48 of such subsidiary or other corporation.

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

6 (cf: P.L.2008, c.89, s.7)

7  
8     9. Section 65 of P.L.1954, c.84 (C.43:15A-65) is amended to  
9 read as follows:

10     65. (a) All employees of any public agency or organization of  
11 this State, which employs persons engaged in service to the public,  
12 shall be eligible to participate in the Public Employees' Retirement  
13 System; provided the employer consents thereto by resolution and  
14 files a certified copy of such resolution with the board of trustees of  
15 the Public Employees' Retirement System and the board of trustees  
16 approves thereof by resolution. Such organization shall be referred  
17 to in this act as the employer. If the participation of such  
18 employees is so approved then the employer shall contribute to the  
19 contingent reserve fund on account of its members at the same rate  
20 per centum as would be paid by employers other than the State.

21     (b) Notwithstanding the provisions of subsection (a) of this  
22 section, every person becoming an employee of a public agency or  
23 organization of this State, which employs persons engaged in  
24 service to the public, after June 30, 1966, who is not eligible to  
25 become a member of any other retirement system, shall be required  
26 to participate in the Public Employees' Retirement System.  
27 Notwithstanding the provisions of subsection (a) of this section,  
28 membership in the Public Employees' Retirement System shall be  
29 optional with any person in the employ of any such public agency  
30 or organization on June 30, 1966, provided such person is not  
31 required to be a member pursuant to another provision of this act,  
32 and provided further that such person is not eligible to be a member  
33 of any other retirement system. The provisions of this subsection  
34 shall not apply to any person whose position is temporary or  
35 seasonal, nor to any person in office, position or employment for  
36 which the annual salary or remuneration is fixed at less than that  
37 which is required for membership pursuant to section 7 of P.L.1954,  
38 c.84 (C.43:15A-7) as applicable to the member, nor to any person  
39 whose position is not covered by the old-age and survivors'  
40 insurance provisions of the federal Social Security Act. The public  
41 agency or organization employing any such person who becomes a  
42 member of the retirement system pursuant to this subsection shall  
43 contribute to the contingent reserve fund on account of such  
44 employees at the same rate per centum as would be paid by  
45 employers other than the State.

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

1 municipalities, such as the New Jersey State League of  
2 Municipalities and the New Jersey Association of Counties, or a  
3 substantially similar successor organization or association, or a joint  
4 insurance group or fund for political subdivisions of this State, shall  
5 not be eligible for membership in the retirement system based on  
6 that service. The enrollment of an officer or employee with less  
7 than five years of service credit in the retirement system as of that  
8 effective date shall be terminated as of that effective date. An  
9 officer or employee with five or more years of service credit in the  
10 retirement system as of that effective date shall be eligible to  
11 continue in the retirement system under the terms and conditions of  
12 the person's enrollment if the person continues the service without a  
13 break.

14 (cf: P.L.2008, c.89, s.9)

15

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

18 71. The words "public agency or organization" as used in this  
19 act shall be construed to mean and include any agency or  
20 organization which operates public works or is engaged in service  
21 to the public for 1 or more municipalities, local boards of health, or  
22 counties, and whose revenue is derived from other than State funds,  
23 but shall not be construed to include any subdivision of any county,  
24 municipality, school district, privately owned public utility or  
25 service or any religious, educational or charitable organization.

26 An organization or association of counties or municipalities,  
27 such as the New Jersey State League of Municipalities and the New  
28 Jersey Association of Counties, and a substantially similar  
29 successor organization or association, and a joint insurance group or  
30 fund for political subdivisions of this State shall not be considered a  
31 public agency or organization with regard to its officers and  
32 employees commencing service on or after the effective date of  
33 P.L. , c. (pending before the Legislature as this bill) or with  
34 regard to its officers or employees with less than five years of  
35 service credit in the retirement system as of that effective date.

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

37

38 11. This act shall take effect immediately.

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#### STATEMENT

42

43 The purpose of this bill is to eliminate the eligibility for  
44 enrollment in any State-administered retirement system, such as the  
45 Public Employees' Retirement System (PERS), for newly hired  
46 officers and employees, and for the continued enrollment of those  
47 who have less than five years of service credit in the retirement  
48 system, of the New Jersey State League of Municipalities

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1 (N.J.S.A.40:48-22), the New Jersey Association of Counties, the  
2 New Jersey School Boards Association (N.J.S.A.18A:6-48), any  
3 school board insurance group (N.J.S.A.18A:18B-3), any county  
4 college joint insurance group (N.J.S.A.18A:64A-25.35), any county  
5 or municipal joint insurance fund (N.J.S.A.40A:10-38), and any  
6 corporation designated to manage a special improvement district  
7 established by municipal ordinance (N.J.S.A.40:56-68). The bill  
8 also eliminates the eligibility of these officers and employees for  
9 health care benefits coverage through the State Health Benefits  
10 Program or through any health care benefits plan or program  
11 provided by the State or a political subdivision of this State, as an  
12 employer, for its officers and employees. The eligibility for  
13 coverage for all current officers and employees is terminated 24  
14 months after the bill's effective date.

15 A person commencing service on or after the effective date of  
16 the bill as an officer or employee of such an organization,  
17 association, group, fund, or corporation would no longer be eligible  
18 for enrollment in a retirement system or in a health care benefits  
19 plan or program for public employees, on the basis of that service.  
20 Officers or employees who are enrolled in a retirement system or in  
21 a health care benefits plan or program before the bill's effective  
22 date and who continue to serve that particular organization,  
23 association, group, fund or corporation without a break would not  
24 be affected by the bill except as provided.

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