

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 3620

with committee amendments

STATE OF NEW JERSEY

DATED: DECEMBER 14, 2017

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 3620, with committee amendments.

As amended, this bill permits an elected public official who held an elective public office on July 1, 2007, who was subsequently elected to another public office, and who continues to hold elective public office on the effective date of this bill to be eligible for enrollment in the PERS as long as there is no break in service and as long as the elected public official has at least 15 years of continuous service in elective public offices of this State.

Under the bill, such an eligible elected public official may reenroll in PERS.

Prior to July 1, 2007, elected public officials were eligible for enrollment in the Public Employee's Retirement System (PERS). Since that date, as a result of the enactment of N.J.S.A.43:15C-1 et al., elected public officials may or may not be eligible for enrollment in the Defined Contribution Retirement Program. Under the law, a person who held an elective public office and was a member of the PERS as of that date and who continued to hold that public office continuously without a break in service remains eligible for PERS enrollment.

An elected official may make a request to the Division of Pensions and Benefits in the Department of the Treasury that the enrollment in the PERS be made retroactive to the date of his or her assumption of an elective office without a break in service. The division will grant that request if the elected official fulfills certain terms and conditions to ensure compliance with federal law, to ensure that the elected official will not be eligible to receive a benefit from the PERS and another State-administered retirement program for the same period of service in the elective public office, and to ensure that the employer is reimbursed for any contributions made to such other program unless the contributions may be rolled over to PERS.

COMMITTEE AMENDMENTS:

The amendments provide that a person will be deemed to have met the requirement in this bill for holding elective public office on

the effective date of the bill if the person's term of office expired within 30 days before that effective date. The amendment also adds a reference to a former employer with regard to an estimate by the Division of Pensions and Benefits of the contributions to be paid to the PERS by the employee and employer for a period of retroactive enrollment.

FISCAL IMPACT:

The OLS is unable to estimate the cost to the State or local governments of permitting elected public officials to reenroll in PERS if the conditions set forth in the bill are met. Such an estimate would ultimately require a detailed actuarial analysis, which the OLS lacks the capacity and information to perform because it does not know: a) the number of elected public officials who would avail themselves of reenrolling in PERS, b) the officials' Defined Contribution Retirement Program account balances, and c) the associated PERS cost. The OLS general conclusion of indeterminate costs presumes that each eligible person does not decline reenrollment.