

# ASSEMBLY JUDICIARY COMMITTEE

## STATEMENT TO

### **ASSEMBLY, No. 1032**

with committee amendments

# STATE OF NEW JERSEY

DATED: MARCH 15, 2021

The Assembly Judiciary Committee reports favorably and with committee amendments Assembly Bill No.1032.

This bill requires the enrollment in the Public Employees' Retirement System of Workers' Compensation Judges of the Division of Workers' Compensation in the Department of Labor and Workforce Development, as a condition of employment for service as a judge of compensation for each judge enrolled after the effective date of the bill.

Currently, workers' compensation judges are enrolled in the Defined Contribution Retirement Program or the Workers' Compensation Judges Part of the Public Employees' Retirement System.

Notwithstanding the enrollment in the Public Employees' Retirement System required by this bill, the laws and regulations governing the Public Employees' Retirement System will not apply to such judges. They will be subject to and governed by the laws and regulations of the Judicial Retirement System, in the same manner as a judge enrolled in the Judicial Retirement System. For all purposes, workers' compensation judges will be deemed members of the Judicial Retirement System but for enrollment in the Public Employees' Retirement System.

A workers' compensation judge who is currently a participant in the Defined Contribution Retirement Program or the Workers' Compensation Judges Part of the Public Employees' Retirement System will be transferred out of the program or the part within 90 days following the bill's effective date. A judge may elect not to be transferred by filing a statement within 30 days following the bill's effective date with the Division of Pensions and Benefits in the Department of the Treasury waiving all rights and benefits which would otherwise be provided after the transfer.

The account in the program or the part for each judge transferred will be adjusted to reflect the transfer and each judge will be given service credit for service starting on the judge's date of appointment. The unfunded liability for the benefits provided by the transfer will be paid from the Second Injury Fund.

The committee amended the bill to provide that the value of the account of a workers' compensation judge would be transferred from the Defined Contribution Retirement Program to the Public Employees' Retirement System in accordance with the rollover requirements of the federal Internal Revenue Code and relevant regulations as a qualified rollover distribution from one qualified retirement plan to another qualified retirement plan, and not be a taxable distribution to the workers' compensation judge. The transfer must be in accordance with a rule, method, or process that does not result in the transfer being deemed a distribution includible in federal gross income for the workers' compensation judge.

These amendments make this bill identical to Senate, No.758 (1R), which is also released by the committee on this date.

This bill was pre-filed for introduction in the 2020-2021 session pending technical review. As reported, the bill includes the changes required by technical review, which has been performed.

#### COMMITTEE AMENDMENTS:

The committee amendments add new language providing that the value of the account of a workers' compensation judge would be transferred from the Defined Contribution Retirement Program to the Public Employees' Retirement System in accordance with the rollover requirements of the federal Internal Revenue Code and relevant regulations as a qualified rollover distribution from one qualified retirement plan to another qualified retirement plan, and would not be a taxable distribution to the workers' compensation judge. The transfer must be in accordance with a rule, method, or process that does not result in the transfer being deemed a distribution includible in federal gross income for the workers' compensation judge.