

generally relating to conforming the State Retirement and Pension System to federal tax legislation.

BY repealing and reenacting, with amendments,
Article – State Personnel and Pensions
Section 21–313, 21–601(b), ~~(c)~~, and (d), and 21–602
Annotated Code of Maryland
(2004 Replacement Volume and 2006 Supplement)

BY repealing and reenacting, without amendments,
Article – State Personnel and Pensions
Section 21–601(a)
Annotated Code of Maryland
(2004 Replacement Volume and 2006 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article – State Personnel and Pensions

21–313.

(a) In this section, “approved employer” means a participating employer who [has received a favorable ruling from the Internal Revenue Service] **ADOPTS A RESOLUTION AND FOLLOWS PROCEDURES AS PRESCRIBED BY THE BOARD OF TRUSTEES** for an employer pickup program in accordance with § 414(h)(2) of the Internal Revenue Code.

(b) The State or other approved employer of a member shall pick up, within the meaning of § 414(h)(2) of the Internal Revenue Code, the member contributions required by this Division II.

(c) The member contributions under subsection (b) of this section:

(1) are designated as employee contributions to be picked up by the employing unit within the meaning of § 414(h)(2) of the Internal Revenue Code and shall be treated as employer contributions in determining tax treatment under that section;

(2) shall reduce the compensation of the member in an amount that equals the member contribution picked up by the employer;

(3) may not be included as gross income of the member until the pickup amounts are distributed or made available to the member;