COUNTY COUNCIL OF BALTIMORE COUNTY, MARYLAND
Legislative Session 2026, Legislative Day No. 9

Bill No. 40-26

Mr. Michael Ertel, Chair
By Request of County Executive

By the County Council, April 20, 2026

A BILL
ENTITLED

AN ACT concerning

The Employees' Retirement System

FOR the purpose of providing for retiree COLAs for sworn Police personnel who are retired through ordinary or accidental disability; complying with a Settlement Agreement entered into by the County in litigation concerning the proper rate of interest (regular rate of interest compounded annually) to be used to calculate a contribution deficiency for a member of the county's Employees' Retirement System ("ERS") who transferred from a noncontributory system to the ERS; clarifying that for 9-1-1 members the DROP calculation should be calculated at the same rate as the members' pension benefit; clarifying that in order to qualify for continuation in service, Police and Fire members over age 65 should be deemed both mentally and physically capable of carrying out their duties;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter stricken from existing law.
~~Strike out~~ indicates matter stricken from bill.
Underlining indicates amendments to bill.

providing additional time for the County's Actuary to furnish the required analysis for salary/retirement enhancements; and generally relating to the Employees' Retirement System.

BY repealing and re-enacting, with amendments

Sections 5-1-105, 5-1-216(h), 5-1-217(c), 5-1-220.1, 5-1-235(a), and 5-1-304(a)(6)
Article 5 – Pensions and Retirement
Title 1 – Employees' Retirement System
Baltimore County Code, 2015

BY adding

Sections 5-1-304.1
Article 5 – Pensions and Retirement
Title 1 – Employees' Retirement System
Baltimore County Code, 2015

SECTION 1. BE IT ENACTED BY THE COUNTY COUNCIL OF BALTIMORE COUNTY, MARYLAND, that the Laws of Baltimore County shall read as follows:

ARTICLE 5 – PENSIONS AND RETIREMENT

Title 1 – Employees' Retirement System

Subtitle 1 – In General

§ 5-1-105. Cost of living adjustment.

For any cost of living adjustment or other employee salary scale adjustments proposed in the annual expense budget or for any personnel or retirement-related legislation [submitted to the county council] INTRODUCED AT THE REQUEST OF THE COUNTY EXECUTIVE OR BY

A COUNCILMEMBER, the director of the office of budget and finance shall attach a statement to the budget bill or other legislation ~~on OR BEFORE~~ WITHIN SEVEN CALENDAR DAYS OF the date the bill is [introduced] READ FOR ~~SECOND~~ FIRST CONSIDERATION that contains the following:

(1) The full annualized salary cost of the adjustment, by Fund and Department;

(2) Any secondary or other costs, by Fund and Department, for each fiscal year over the full actuarial amortization period for each associated actuarial accrued liability, including the resulting estimated increase to the actuarially determined employer contribution to the Employees' Retirement System; and

(3) The total impact on the actuarial accrued liability of the Employees' Retirement System, by employee group, as determined by the County's actuary.

Subtitle 2 – Retirement System

§ 5-1-216. Allowance for service retirement – police.

(h) Any member in the service who has attained the age of sixty-five (65), if a member of Group 4, shall be retired forthwith or on the first day of the next calendar month. Notwithstanding the foregoing, on written request of the employer to the Board of Trustees stating that such employee is mentally [or] AND physically capable of carrying out the member's duties and request being approved by the Board of Trustees, the employee may be continued in service for a period of one (1) year, and for successive periods of one (1) year each as the result of each such request and approval.

§ 5-1-217. Allowance for service retirement – fire.

(c) Any member in the service who has attained the age of sixty-five (65) shall be retired forthwith or on the first day of the next calendar month. Notwithstanding the foregoing, on written request of the employer to the Board of Trustees stating that such employee is mentally [or] AND physically capable of carrying out the member's duties and request being approved by the Board of Trustees, the employee may be continued in service for a period of one (1) year, and for successive periods of one (1) year each as the result of each such request and approval.

§ 5-1-220.1. Transfer from noncontributory system.

(a) (1) IN THIS SECTION THE FOLLOWING WORDS OR PHRASES HAVE THE MEANINGS INDICATED.

(2) [In this section,] "noncontributory system" has the meaning stated in § 37-101 of the State Personnel and Pensions Article of the Annotated Code of Maryland.

(3) "REGULAR INTEREST" HAS THE SAME MEANING AS IN § 37-203(f)(2) OF THE STATE PERSONNEL AND PENSIONS ARTICLE OF THE ANNOTATED CODE OF MARYLAND.

(b) The retirement allowance of a member who transferred from a noncontributory system to the retirement system shall be calculated as provided in this section.

(c) Except as provided in this section, the retirement system shall determine the retirement allowance payable as provided in this title.

(d) The retirement system shall reduce the amount determined under subsection (c) of this section [in an amount equal to the single life annuity benefit that would be provided by the

sum of the member's unpaid accumulated contributions with interest as determined] AS SET FORTH in subsection (e) of this section.

(e) [The member's unpaid contributions, interest and the value of the sum of these two amounts as a single life annuity shall be determined as follows:]

(1) The amounts of the member's unpaid contributions will be determined using the contribution rate schedule in effect when the member entered the retirement system and the member's age at the time the member's past service commenced (the period for which the member earned creditable service under the noncontributory system).

[(2) (i) For the period prior to membership in the retirement system but before July 1, 2007, the interest on unpaid contributions shall be based on the valuation rates of interest in effect during that period.

(ii) For the period prior to membership in the retirement system but on or after July 1, 2007, the interest on unpaid contributions shall be based on "regular interest" as defined in § 37-203(f)(2) of the State Personnel and Pensions Article of the Annotated Code of Maryland.

(3) (i) For the period following the commencement of membership in the retirement system but before July 1, 2007, the interest on unpaid contributions will be based on the valuation rate of interest in effect at the time the employee becomes a member of the retirement system.

(ii) For the period following the commencement of membership in the retirement system but after July 1, 2007, the interest on unpaid contributions will be based on "regular interest" as defined in § 37-203(f)(2) of the State Personnel and Pensions Article of the Annotated Code of Maryland.

(4) Interest shall be calculated on a monthly basis.]

(2) ON RETIREMENT THE INDIVIDUAL'S RETIREMENT ALLOWANCE SHALL BE REDUCED BY THE ACTUARIAL EQUIVALENT OF THE MEMBER CONTRIBUTIONS THAT WOULD HAVE BEEN DEDUCTED IF THE INDIVIDUAL HAD EARNED THE TRANSFERRED SERVICE CREDIT UNDER THE NEW SYSTEM, INCLUDING REGULAR INTEREST ON THOSE CONTRIBUTIONS, COMPOUNDED ANNUALLY.

(f) [(1)] The member's retirement allowance shall be reduced by an amount equal to the monthly benefit that the sum of the unpaid contributions and interest would provide the member if paid in the form of a single life annuity [commencing at age sixty (60) or age sixty-seven (67), as applicable.] APPLYING A FIVE PERCENT (5%) MORTALITY RATE TO CONVERT THE DEFICIT TO AN ANNUITY OFFSET, BASED ON ACTUAL AGE AT TIME OF RETIREMENT, OR IF THE EARLY RETIREMENT REDUCTION FACTOR APPLIES, THE ANNUITY FACTOR AT NORMAL RETIREMENT SHALL BE BASED ON AGE SIXTY (60).

[(2) (i) The value of the unpaid contributions, that would have been paid before July 1, 2007, if the member had joined the system before that date, and interest in the form of a single life annuity shall be determined using the valuation rate of interest in effect at the time of the membership in the retirement system and mortality tables.

(ii) The value of the unpaid contributions, that would have been paid after July 1, 2007, if the member joined the system after that date, and interest in the form of a single life annuity shall be determined using the rate of "regular interest" as defined in § 37-203(f)(2) of

the State Personnel and Pensions Article of the Annotated Code of Maryland and mortality tables.]

§ 5-1-235. Postretirement increases in allowances.

(a) This section applies only to:

(1) A beneficiary who retires with at least twenty (20) years of creditable service if the member began service before July 1, 2007;

(2) A beneficiary who retires with at least twenty-five (25) years of creditable service if the member began service on or after July 1, 2007; [and]

(3) A beneficiary who retired before July 1, 2010[.] ;

(4) EFFECTIVE JULY 1, 2026, SWORN MEMBERS OF THE POLICE DEPARTMENT WHO WERE HIRED BEFORE JULY 1, 2007 AND WHO RETIRE ON OR AFTER JULY 1, 2010 WITH LESS THAN TWENTY (20) YEARS OF SERVICE AND ARE RETIRED ON AN ORDINARY DISABILITY OR ACCIDENTAL DISABILITY BENEFIT AS PROVIDED IN §§ 5-1-221 AND 5-1-223 OF THIS SUBTITLE; AND

(5) EFFECTIVE JULY 1, 2026, SWORN MEMBERS OF THE POLICE DEPARTMENT WHO WERE HIRED AFTER JULY 1, 2007 AND WHO RETIRE ON OR AFTER JULY 1, 2010 WITH LESS THAN TWENTY-FIVE (25) YEARS OF SERVICE AND ARE RETIRED ON AN ORDINARY DISABILITY OR ACCIDENTAL DISABILITY BENEFIT AS PROVIDED IN §§ 5-1-221 AND 5-1-223 OF THIS SUBTITLE.

Subtitle 3 – Deferred Retirement Option Program

§ 5-1-304. Deferred retirement option program – general county employees.

(a) (6) (i) "Member" means a Group 3 member in active service.

(ii) "Member" does not include:

1. A Group 3 member who begins service on or after July 1, 2007;

2. An elected official;

3. A member as defined in § 5-1-218, § 5-1-218.1, or § 5-1-219 of this title; or

4. An appointed department head.

§ 5-1-304.1. SAME – DEFERRED RETIREMENT OPTION PROGRAM – EMERGENCY COMMUNICATION MEMBERS.

(A) FOR PURPOSES OF THIS SECTION, "MEMBER" MEANS A MEMBER AS DEFINED IN § 5-1-218.1 OF THIS TITLE.

(B) IN ADDITION TO THE PROCEEDS OF THE DROP ACCOUNT, A MEMBER WHO RETIRES UNDER THE DROP PROGRAM WILL RECEIVE AN ANNUALIZED RETIREMENT ALLOWANCE, PAID MONTHLY, EQUAL TO THE MEMBER'S ANNUAL DROP ALLOWANCE IN ACCORDANCE WITH § 5-1-218.1 OF THIS TITLE, ADJUSTED AS PROVIDED FOR IN SUBSECTION (J) OF § 5-1-304 OF THIS TITLE.

SECTION 2. AND BE IT FURTHER ENACTED, that this Act, having been passed by the affirmative vote of five members of the County Council, shall take effect 14 days from the date of enactment.

LEGISLATION DETAIL

LEGISLATION	BILL 40-26
DISPOSITION	PASSED AS AMENDED
ENACTED	N/A
EFFECTIVE	N/A
AMENDMENTS	YES (1)

ROLL CALL - BILL

MOTION YOUNG SECOND JONES

AYE	NAY	
☑	☐	Councilman Young
☑	☐	Councilman Patoka
☐	☐	
☑	☐	Councilman Jones
☑	☐	Councilman Marks
☑	☐	Councilman Ertel
☑	☐	Councilman Crandell

ROLL CALL - AMENDMENTS

MOTION ERTEL SECOND JONES

AYE	NAY	
☑	☐	Councilman Young
☑	☐	Councilman Patoka
☐	☐	
☑	☐	Councilman Jones
☑	☐	Councilman Marks
☑	☐	Councilman Ertel
☑	☐	Councilman Crandell

ROLL CALL - AMENDMENTS

MOTION SECOND

AYE	NAY	
☐	☐	Councilman Young
☐	☐	Councilman Patoka
☐	☐	
☐	☐	Councilman Jones
☐	☐	Councilman Marks
☐	☐	Councilman Ertel
☐	☐	Councilman Crandell

ROLL CALL - AMENDMENTS

MOTION SECOND

AYE	NAY	
☐	☐	Councilman Young
☐	☐	Councilman Patoka
☐	☐	
☐	☐	Councilman Jones
☐	☐	Councilman Marks
☐	☐	Councilman Ertel
☐	☐	Councilman Crandell