



# Senate

General Assembly

**File No. 270**

January Session, 2017

Senate Bill No. 746

*Senate, March 28, 2017*

The Senate Committee on Labor and Public Employees reported through SEN. GOMES of the 23rd Dist. and SEN. MINER of the 30th Dist., Chairpersons of the Committee on the part of the Senate, that the bill ought to pass.

***AN ACT AMENDING THE MUNICIPAL EMPLOYMENT RETIREMENT SYSTEM FOR NEWLY HIRED EMPLOYEES.***

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 7-425 of the general statutes is repealed and the  
2 following is substituted in lieu thereof (*Effective October 1, 2017*):

3 The following words and phrases as used in this part, except as  
4 otherwise provided, shall have the following meanings:

5 (1) "Municipality" means any town, city, borough, school district,  
6 regional school district, taxing district, fire district, district department  
7 of health, probate district, housing authority, regional work force  
8 development board established under section 31-3k, regional  
9 emergency telecommunications center, tourism district established  
10 under section 10-397, flood commission or authority established by  
11 special act or regional council of governments;

12 (2) "Participating municipality" means any municipality that has

13 accepted this part, as provided in section 7-427;

14 (3) "Legislative body" means, for towns having a town council, the  
15 council; for other towns, the selectmen; for cities, the common council  
16 or other similar body of officials; for boroughs, the warden and  
17 burgesses; for regional school districts, the regional board of  
18 education; for district departments of health, the board of the district;  
19 for probate districts, the judge of probate; for regional councils of  
20 governments, the council; for regional emergency telecommunications  
21 centers, a representative board; for tourism districts, the board of  
22 directors of such tourism district; and in all other cases the body  
23 authorized by the general statutes or by special act to make ordinances  
24 for the municipality;

25 (4) "Retirement Commission" means the State Retirement  
26 Commission created by chapter 66;

27 (5) "Member" means any regular employee or elective officer  
28 receiving pay from a participating municipality, and any regular  
29 employee of a free public library that receives part or all of its income  
30 from municipal appropriation, who has been included by such  
31 municipality in the pension plan as provided in section 7-427, but shall  
32 not include any person who customarily works less than twenty hours  
33 a week if such person entered employment after September 30, 1969,  
34 any police officer or firefighter who will attain the compulsory  
35 retirement age after less than five years of continuous service in fund  
36 B, any teacher who is eligible for membership in the state teachers  
37 retirement system, any person eligible for membership in any pension  
38 system established by or under the authority of any special act or of a  
39 charter adopted under the provisions of chapter 99, or any person  
40 holding a position funded in whole or in part by the federal  
41 government as part of any public service employment program, on-  
42 the-job training program or work experience program, provided  
43 persons holding such federally funded positions on July 1, 1978, shall  
44 not be excluded from membership but may elect to receive a refund of  
45 their accumulated contributions without interest;

46 (6) "Pay" means the salary, wages or earnings of an employee,  
 47 including any payments received pursuant to chapter 568 and the  
 48 money value as determined by the Retirement Commission of any  
 49 board, lodging, fuel or laundry provided for such employee by the  
 50 municipality but [not including] shall not include any fees or  
 51 allowances for expenses and overtime pay for employees hired on or  
 52 after the effective date of this section;

53 (7) "Fund" and "fund B" means the Connecticut Municipal  
 54 Employees' Retirement Fund B;

55 (8) "Continuous service" and "service" means active service as a  
 56 member, or active service prior to becoming a member if such service  
 57 (A) was in a department for which participation was subsequently  
 58 accepted and not subsequently withdrawn, (B) was continuous to the  
 59 date of becoming a member except service for which credit is granted  
 60 pursuant to section 7-436a, and (C) would have been as a member if  
 61 the department had then been participating, all subject to the  
 62 provisions of section 7-434;

63 (9) "System" means the Old Age and Survivors Insurance System  
 64 under Title II of the Social Security Act, as amended;

65 (10) "Social Security Act" means the Act of Congress, approved  
 66 August 14, 1935, Chapter 531, 49 Stat. 620, officially cited as the Social  
 67 Security Act, including regulations and requirements issued pursuant  
 68 thereto, as such act has been and may from time to time be amended;

69 (11) "Regional emergency telecommunications center" means any  
 70 entity authorized by the Department of Emergency Services and Public  
 71 Protection as a public safety answering point responsible for the  
 72 receipt and processing of 9-1-1 calls for at least three municipalities.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2017	7-425

**LAB**      *Senate Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

**OFA Fiscal Note**

**State Impact:** None

**Municipal Impact:**

<b>Municipalities</b>	<b>Effect</b>	<b>FY 18 \$</b>	<b>FY 19 \$</b>
Municipalities participating in the Connecticut Municipal Employees' Retirement System (CMERS)	Savings	See Below	See Below

**Explanation**

The bill does not result in a savings to CMERS participating municipalities in FY 18 and FY 19 as the employer contribution rates have been established pursuant to the most recent CMERS actuarial valuation as of June 30, 2016. If a new valuation is completed reflecting this change and if permitted by the terms of individual municipal union contracts, there will be savings to participating municipalities. The savings in the near term is not anticipated to be significant as it only applies to new hires.

**The Out Years**

The bill will result in a savings to CMERS participating municipalities over the long term and will be reflected in the employer contribution rates reported in future actuarial valuations.

**OLR Bill Analysis****SB 746*****AN ACT AMENDING THE MUNICIPAL EMPLOYMENT RETIREMENT SYSTEM FOR NEWLY HIRED EMPLOYEES.*****SUMMARY**

Beginning with municipal employees hired on or after October 1, 2017, this bill excludes overtime pay from the employee's retirement calculation for members of the Connecticut Municipal Employees Retirement System (CMERS). Under current law, overtime pay is counted in the calculation towards annual pay, which is one of the factors used to determine a retirement benefit.

Under the bill, pay counted toward retirement includes salary, wages or earnings of the employee, including workers' compensation payments and the monetary value, as determined by the state Retirement Commission, of any board, lodging, fuel, or laundry provided to the employee.

It is not clear whether the new provision would apply under an existing union contract of a bargaining unit that is part of CMERS. Presumably, the new provision would be applied to future contracts agreed to after the bill's effective date.

EFFECTIVE DATE: October 1, 2017

**BACKGROUND*****CMERS***

Established in statute, CMERS is the municipal retirement system administered by the state comptroller's office. Municipalities choose to join and CMERS includes over 200 employee groups from more than 80 municipalities and a number of other entities, including tax districts and local and regional boards of education (a single town may have

separate groups for police officers, firefighters, general town employees, and housing authority employees in CMERS).

***Split Committee (Pursuant to Joint Rule 5(c))***

The House Labor and Public Employees Committee defeated a motion for a favorable report by a 5-4 vote.

**COMMITTEE ACTION**

Labor and Public Employees Committee

Senate Favorable

Yea 2      Nay 1      (03/09/2017)