

# **Chapter 89, P.L. 2008**

(Approved September 29, 2008)

[Corrected Copy]

## **SENATE COMMITTEE SUBSTITUTE FOR SENATE, Nos. 1962, 1964, 1965, 1969 and 2077**

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# **STATE OF NEW JERSEY**

## **213th LEGISLATURE**

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ADOPTED JUNE 19, 2008

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(Sponsorship Updated As Of: 6/24/2008)

**Co-Sponsored by:**

**Senators O'Toole, Kyrillos, Beck, Haines, Oroho and Bucco**

**SYNOPSIS**

Makes changes to PERS and TPAF concerning retirement age, eligibility, purchase of service credit; makes various changes to SHBP administration; merges Washington and Lincoln holidays for State employees in Presidents Day.

**CURRENT VERSION OF TEXT**

Substitute as adopted by the Senate Budget and Appropriations Committee.

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1 AN ACT concerning retirement and other benefits for certain public  
2 employees and amending and supplementing various parts of the  
3 statutory law.

4  
5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:

7  
8 1. This act shall be known as “The Public Employee Pension  
9 and Benefits Reform Act of 2008.”

10  
11 2. Section 36 of P.L.1995, c.259 (C.52:14-17.31a) is amended to  
12 read as follows:

13 36. a. Notwithstanding the provisions of any other law to the  
14 contrary, an employer other than the State which participates in the  
15 State Health Benefits Program, established pursuant to P.L.1961,  
16 c.49 (C.52:14-17.25 et seq.), may allow any employee who is  
17 eligible for other health care coverage to waive coverage under the  
18 State Health Benefits Program to which the employee is entitled by  
19 virtue of employment with the employer. The waiver shall be in  
20 such form as the Director of the Division of Pensions and Benefits  
21 shall prescribe and shall be filed with the division. After such  
22 waiver has been filed and for so long as that waiver remains in  
23 effect, no premium shall be required to be paid by the employer for  
24 the employee or the employee's dependents. Not later than the  
25 180th day after the date on which the waiver is filed, the division  
26 shall refund to the employer the amount of any premium previously  
27 paid by the employer with respect to any period of coverage which  
28 followed the filing date.

29 b. Notwithstanding the provisions of any other law to the  
30 contrary, the State as an employer, or an employer that is an  
31 independent authority, commission, board, or instrumentality of the  
32 State which participates in the State Health Benefits Program, may

**EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.**

**Matter underlined thus is new matter.**

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1 allow any employee who is eligible for other health care coverage  
2 that is not under the State Health Benefits Program to waive the  
3 coverage under the State Health Benefits Program to which the  
4 employee is entitled by virtue of employment with the employer.  
5 The waiver shall be in such form as the Director of the Division of  
6 Pensions and Benefits shall prescribe and shall be filed with the  
7 division.  
8 c. In consideration of filing [such] a waiver as permitted in  
9 subsections a. and b. of this section, an employer may pay to the  
10 employee annually an amount, to be established in the sole  
11 discretion of the employer, which shall not exceed 50% of the

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1 amount saved by the employer because of the employee's waiver of  
2 coverage. An employee who waives coverage shall be permitted to  
3 immediately resume coverage if the employee ceases to be eligible  
4 for other health care coverage for any reason, including, but not  
5 limited to, the retirement or death of the spouse or divorce. An  
6 employee who resumes coverage shall repay, on a pro rata basis,  
7 any amount received from the employer which represents an  
8 advance payment for a period of time during which coverage is  
9 resumed. An employee who wishes to resume coverage shall notify  
10 the employer in writing and file a declaration with the division, in  
11 such form as the director of the division shall prescribe, that the  
12 waiver is revoked. The decision of an employer to allow its  
13 employees to waive coverage and the amount of consideration to be  
14 paid therefor shall not be subject to the collective bargaining  
15 process.

16 (cf: P.L.2007, c.92, s.48)

17

18 3. N.J.S.18A:66-13 is amended to read as follows:

19 18A:66-13. Prior service credit. A member may file a detailed  
20 statement of: a. school service and service in a similar capacity in  
21 other states and in schools within and outside the United States  
22 operated by a department of the United States Government for the  
23 instruction of the children of United States Government officers and  
24 employees, or b. other public employment in other states or with  
25 the United States Government which would be eligible for credit in  
26 a State-administered retirement system if the employment was with  
27 a public employer in this State, or c. military service in the Armed  
28 Forces of the United States, rendered prior to becoming a member,  
29 for which the member desires credit, and of such other facts as the  
30 retirement system may require. The member may purchase credit  
31 for all or a portion of the service evidenced in the statement up to  
32 the nearest number of years and months, but not exceeding 10  
33 years, provided however, that a member purchasing that maximum  
34 credit may purchase up to five additional years for additional  
35 military service qualifying the member as a veteran as defined in

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1 N.J.S.18A:66-2. No application shall be accepted for the purchase  
2 of credit for such service if, at the time of application, the member  
3 has a vested right to retirement benefits in another retirement  
4 system based in whole or in part upon that service.

5 The member may purchase credit for the service by paying into  
6 the annuity savings fund the amount required by applying the  
7 factor, supplied by the actuary as being applicable to the member's  
8 age at the time of the purchase, to the member's salary at that time,  
9 or to the highest annual compensation for service in this State for  
10 which contributions were made during any prior fiscal year of  
11 membership, whichever is greater. The purchase may be made in  
12 regular installments, equal to at least one-half the full normal  
13 contribution to the retirement system, over a maximum period of 10  
14 years. Neither the State nor the employer of a member who applies  
15 to purchase credit for public employment with the United States  
16 Government pursuant to subsection b. of this section or for military  
17 service pursuant to subsection c. of this section shall be liable for  
18 any payment to the retirement system on behalf of the member for  
19 the purchase of this credit.

20 Notwithstanding any provision of this act to the contrary, a  
21 member shall not be liable for any costs associated with the  
22 financing of pension adjustment benefits and health care benefits  
23 for retirees when purchasing credit for school service, public  
24 employment in other states or with the United States Government,  
25 or military service in the Armed Forces of the United States.

26 Any member electing to purchase the service who retires prior to  
27 completing payments as agreed with the retirement system will  
28 receive pro rata credit for service purchased prior to the date of  
29 retirement, but if the member so elects at the time of retirement, the  
30 member may make the additional lump sum payment required at  
31 that time to provide full credit.

32 Notwithstanding any other provision of law to the contrary,  
33 service credit established in the retirement system by a member  
34 through purchase in accordance with this section, which purchase  
35 was made by an application submitted on or after the effective date

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1 of P.L. , c. (pending before the Legislature as this bill), except a  
2 purchase for military service in the Armed Forces of the United  
3 States, shall not be eligible for consideration when service is used  
4 to determine the qualification of the member for any health care  
5 benefits coverage paid, in whole or in part, by a public employer  
6 after the member's retirement.

7 (cf: P.L.1991, c.153, s.1)

8

9 4. Section 2 of P.L.1963, c.19 (C.43:15A-73.1) is amended to  
10 read as follows:

11 2. A member may file a detailed statement of public  
12 employment in other states or with the United States Government  
13 which would be eligible for credit in a State-administered  
14 retirement system if the employment was with a public employer in  
15 this State, or of military service in the Armed Forces of the United  
16 States, or of service resulting from initial appointment or  
17 employment on or after January 1, 2002 with a bi-state or multi-  
18 state agency established pursuant to an interstate compact to which  
19 the State is a party which would be eligible for credit in a State-  
20 administered retirement system if the employment was with a  
21 public employer in this State, rendered prior to becoming a member,  
22 for which the member desires credit, and of such other facts as the  
23 retirement system may require. The member may purchase credit  
24 for all or a portion of the service evidenced in the statement up to  
25 the nearest number of years and months, but not exceeding 10  
26 years, provided however, that a member purchasing that maximum  
27 credit may purchase up to five additional years for additional  
28 military service qualifying the member as a veteran as defined in  
29 section 6 of P.L.1954, c.84 (C.43:15A-6). No application shall be  
30 accepted for the purchase of credit for the service if, at the time of  
31 application, the member has a vested right to retirement benefits in  
32 another retirement system based in whole or in part upon that  
33 service. The member may purchase credit for the service by paying  
34 into the annuity savings fund the amount required by applying the  
35 factor, supplied by the actuary as being applicable to the member's

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1 age at the time of the purchase, to the member's salary at that time,  
2 or to the highest annual compensation for service in this State for  
3 which contributions were made during any prior fiscal year of  
4 membership, whichever is greater. The purchase may be made in  
5 regular installments, equal to at least 1/2 of the full normal  
6 contribution to the retirement system, over a maximum period of 10  
7 years. The employer of a member who applies, pursuant to this  
8 section, to purchase credit for public employment with the United  
9 States Government or for military service in the Armed Forces of  
10 the United States shall not be liable for any payment to the  
11 retirement system on behalf of the member for the purchase of this  
12 credit.

13 Notwithstanding any provision of this act to the contrary, a  
14 member shall not be liable for any costs associated with the  
15 financing of pension adjustment benefits and health care benefits  
16 for retirees when purchasing credit for public employment in other  
17 states or with the United States Government or military service in  
18 the Armed Forces of the United States or with a bi-state or multi-  
19 state agency.

20 Any member electing to make a purchase pursuant to this section  
21 who retires prior to completing payments as agreed with the  
22 retirement system will receive pro rata credit for the purchase prior  
23 to the date of retirement, but if the member so elects at the time of  
24 retirement, the member may make the additional lump sum payment  
25 required at that time to provide full credit.

26 Notwithstanding any other provision of law to the contrary,  
27 service credit established in the retirement system by a member  
28 through purchase in accordance with this section, which purchase  
29 was made by an application submitted on or after the effective date  
30 of P.L. , c. (pending before the Legislature as this bill), except a  
31 purchase for military service in the Armed Forces of the United  
32 States, shall not be eligible for consideration when service is used  
33 to determine the qualification of the member for any health care  
34 benefits coverage paid, in whole or in part, by a public employer  
35 after the member's retirement.

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1 (cf: P.L.2003, c.263, s.2)

2

3 5. N.J.S.18A:66-4 is amended to read as follows:

4 18A:66-4. The membership of the retirement system shall  
5 consist of:

6 (a) all members of the teachers' pension and annuity fund  
7 enrolled as such as of December 31, 1955;

8 (b) any person becoming a teacher on or after January 1, 1956,  
9 except any person who has attained the age of 60 years prior to  
10 becoming a teacher after June 30, 1958 but before July 1, 1968;

11 (c) every teacher veteran as of January 1, 1956, who is not a  
12 member of the "Teachers' Pension and Annuity Fund" as of such  
13 date and who shall not have notified the board of trustees within 30  
14 days of such date that he does not desire to become a member;

15 (d) any teacher employed on January 1, 1956, who is not a  
16 member of the Teachers' Pension and Annuity Fund and who elects  
17 to become a member under the provisions of section 18A:66-10.

18 [No] Before or on the effective date of P.L. , c. (pending  
19 before the Legislature as this bill), no person in employment, office  
20 or position, for which the annual salary or remuneration is fixed at  
21 less than \$500.00 shall be eligible to become a member of the  
22 retirement system. After the effective date of P.L. , c. (pending  
23 before the Legislature as this bill), a person who was a member of  
24 the retirement system on that effective date and continuously  
25 thereafter shall be eligible to be a member of the retirement system  
26 in employment, office or position, for which the annual salary or  
27 remuneration is fixed at \$500 or more. After the effective date of  
28 P.L. , c. (pending before the Legislature as this bill), a person  
29 who was not a member of the retirement system on that effective  
30 date, or who was a member of the retirement system on that  
31 effective date but not continuously thereafter, and who is in  
32 employment, office or position, for which the annual salary or  
33 remuneration is certified by the applicable public entity at \$7,500 or  
34 more, shall be eligible to become a member of the retirement  
35 system. The \$7,500 minimum annual salary or remuneration amount

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1 shall be adjusted annually by the Director of the Division of  
2 Pensions and Benefits, by regulation, in accordance with changes in  
3 the Consumer Price Index but by no more than 4 percent.  
4 “Consumer Price Index” means the average of the annual increase,  
5 expressed as a percentage, in the consumer price index for all urban  
6 consumers in the New York City and Philadelphia metropolitan  
7 statistical areas during the preceding calendar year as reported by  
8 the United States Department of Labor.

9 (cf: P.L.1968, c.229, s.1)

10

11 6. N.J.S.18A:66-8 is amended to read as follows:

12 18A:66-8. a. If a teacher:

13 (1) is dismissed by an employer by reason of reduction in  
14 number of teachers employed in the school district, institution or  
15 department when in the judgment of the employer it is advisable to  
16 abolish any office, position or employment for reasons of a  
17 reduction in the number of pupils, economy, a change in the  
18 administrative or supervisory organization or other good cause; or  
19 becomes unemployed by reason of the creation of a regional school  
20 district or a consolidated school district; or has been discontinued  
21 from service without personal fault or through leave of absence  
22 granted by an employer or permitted by any law of this State; and

23 (2) has not withdrawn the accumulated member's contributions  
24 from the retirement system, the teacher's membership may continue,  
25 notwithstanding any provisions of this article, if the member returns  
26 to service within a period of 10 years from the date of  
27 discontinuance from service. No credit for retirement purposes  
28 shall be allowed to the member covering the period of  
29 discontinuance, except as provided in this section. In computing  
30 the service or in computing final compensation, no time after  
31 September 1, 1919, during which a member shall have been  
32 employed as a teacher at an annual salary or remuneration fixed at  
33 less than ~~[\$500.00]~~ that which is required for membership pursuant  
34 to N.J.S.18A:66-4 as applicable to the member shall be credited,  
35 except that in the case of a veteran member credit shall be given for

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1 service rendered prior to January 1, 1955, in an employment, office  
2 or position if the annual salary or remuneration therefor was fixed  
3 at not less than \$300.00 and the service consisted of the  
4 performance of the full duties of the employment, office or position.

5 b. A teacher may purchase credit for time during which the  
6 teacher shall have been absent on an official leave without pay. The  
7 credit shall be purchased for a period of time equal to:

8 (1) three months or the duration of the leave, whichever is less;  
9 or

10 (2) if the leave was due to the member's personal illness, two  
11 years or the duration of the leave, whichever is less; or

12 (3) the period of leave that is specifically allowed for retirement  
13 purposes by the provisions of any law of this State.

14 The purchase shall be made in the same manner and be subject to  
15 the same terms and conditions provided for the purchase of previous  
16 membership service by N.J.S.18A:66-9.

17 (cf: P.L.1991, c.138, s.1)

18

19 7. Section 7 of P.L.1954, c.84 (C.43:15A-7) is amended to read  
20 as follows:

21 7. There is hereby established the Public Employees'  
22 Retirement System of New Jersey in the Division of Pensions and  
23 Benefits of the Department of the Treasury. The membership of the  
24 retirement system shall include:

25 a. The members of the former "State Employees' Retirement  
26 System of New Jersey" enrolled as such as of December 30, 1954,  
27 who shall not have claimed for refund their accumulated deductions  
28 in said system as provided in this section;

29 b. Any person becoming an employee of the State or other  
30 employer after January 2, 1955 and every veteran, other than a  
31 retired member who returns to service pursuant to subsection b. of  
32 section 27 of P.L.1966, c.217 (C.43:15A-57.2) and other than those  
33 whose appointments are seasonal, becoming an employee of the  
34 State or other employer after such date, including a temporary  
35 employee with at least one year's continuous service. The

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1 membership of the retirement system shall not include those  
2 persons appointed to serve as described in paragraphs (2) and (3) of  
3 subsection a. of section 2 of P.L.2007, c.92 (C.43:15C-2), except a  
4 person who was a member of the retirement system prior to the  
5 effective date of sections 1 through 19 of P.L.2007, c.92 (C.43:15C-  
6 1 through C.43:15C-15, C.43:3C-9, C.43:15A-7, C.43:15A-75 and  
7 C.43:15A-135) and continuously thereafter; and

8 c. Every employee veteran in the employ of the State or other  
9 employer on January 2, 1955, who is not a member of any  
10 retirement system supported wholly or partly by the State.

11 d. Membership in the retirement system shall be optional for  
12 elected officials other than veterans, and for school crossing guards,  
13 who having become eligible for benefits under other pension  
14 systems are so employed on a part-time basis. Elected officials  
15 commencing service on or after the effective date of sections 1  
16 through 19 of P.L.2007, c.92 (C.43:15C-1 through C.43:15C-15,  
17 C.43:3C-9, C.43:15A-7, C.43:15A-75 and C.43:15A-135) shall not  
18 be eligible for membership in the retirement system based on  
19 service in the elective public office, except that an elected official  
20 enrolled in the retirement system as of that effective date who  
21 continues to hold that elective public office without a break in  
22 service shall be eligible to continue membership in the retirement  
23 system under the terms and conditions of enrollment. Service in the  
24 Legislature shall be considered a single elective public office. Any  
25 part-time school crossing guard who is eligible for benefits under  
26 any other pension system and who was hired as a part-time school  
27 crossing guard prior to March 4, 1976, may at any time terminate  
28 his membership in the retirement system by making an application  
29 in writing to the board of trustees of the retirement system. Upon  
30 receiving such application, the board of trustees shall terminate his  
31 enrollment in the system and direct the employer to cease accepting  
32 contributions from the member or deducting from the compensation  
33 paid to the member. State employees who become members of any  
34 other retirement system supported wholly or partly by the State as a  
35 condition of employment shall not be eligible for membership in

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1 this retirement system. Notwithstanding any other law to the  
2 contrary, all other persons accepting employment in the service of  
3 the State shall be required to enroll in the retirement system as a  
4 condition of their employment, regardless of age. [No] Before or  
5 on the effective date of P.L. , c. (pending before the Legislature  
6 as this bill), no person in employment, office or position, for which  
7 the annual salary or remuneration is fixed at less than \$1,500.00,  
8 shall be eligible to become a member of the retirement system.  
9 After the effective date of P.L. , c. (pending before the  
10 Legislature as this bill), a person who was a member of the  
11 retirement system on that effective date and continuously thereafter  
12 shall be eligible to be a member of the retirement system in  
13 employment, office or position, for which the annual salary or  
14 remuneration is fixed at \$1,500 or more. After the effective date of  
15 P.L. , c. (pending before the Legislature as this bill), a person  
16 who was not a member of the retirement system on that effective  
17 date, or who was a member of the retirement system on that  
18 effective date but not continuously thereafter, and who is in  
19 employment, office or position, for which the annual salary or  
20 remuneration is certified by the applicable public entity at \$7,500 or  
21 more, shall be eligible to become a member of the retirement  
22 system. The \$7,500 minimum annual salary or remuneration  
23 amount shall be adjusted annually by the Director of the Division of  
24 Pensions and Benefits, by regulation, in accordance with changes in  
25 the Consumer Price Index but by no more than 4 percent.  
26 “Consumer Price Index” means the average of the annual increase,  
27 expressed as a percentage, in the consumer price index for all urban  
28 consumers in the New York City and Philadelphia metropolitan  
29 statistical areas during the preceding calendar year as reported by  
30 the United States Department of Labor.

31 e. Membership of any person in the retirement system shall  
32 cease if he shall discontinue his service for more than two  
33 consecutive years.

34 f. The accumulated deductions of the members of the former  
35 "State Employees' Retirement System" which have been set aside in

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1 a trust fund designated as Fund A as provided in section 5 of this  
2 act and which have not been claimed for refund prior to February 1,  
3 1955 shall be transferred from said Fund A to the Annuity Savings  
4 Fund of the Retirement System, provided for in section 25 of this  
5 act. Each member whose accumulated deductions are so transferred  
6 shall receive the same prior service credit, pension credit, and  
7 membership credit in the retirement system as he previously had in  
8 the former "State Employees' Retirement System" and shall have  
9 such accumulated deductions credited to his individual account in  
10 the Annuity Savings Fund. Any outstanding obligations of such  
11 member shall be continued.

12 g. Any school crossing guard electing to terminate his  
13 membership in the retirement system pursuant to subsection d. of  
14 this section shall, upon his request, receive a refund of his  
15 accumulated deductions as of the date of his appointment to the  
16 position of school crossing guard. Such refund of contributions  
17 shall serve as a waiver of all benefits payable to the employee, to  
18 his dependent or dependents, or to any of his beneficiaries under the  
19 retirement system.

20 h. A temporary employee who is employed under the federal  
21 Workforce Investment Act shall not be eligible for membership in  
22 the system. Membership for temporary employees employed under  
23 the federal Job Training Partnership Act, Pub.L.97-300 (29  
24 U.S.C.s.1501) who are in the system on September 19, 1986 shall  
25 be terminated, and affected employees shall receive a refund of  
26 their accumulated deductions as of the date of commencement of  
27 employment in a federal Job Training Partnership Act program.  
28 Such refund of contributions shall serve as a waiver of all benefits  
29 payable to the employee, to his dependent or dependents, or to any  
30 of his beneficiaries under the retirement system.

31 i. Membership in the retirement system shall be optional for a  
32 special service employee who is employed under the federal Older  
33 American Community Service Employment Act, Pub.L.94-135 (42  
34 U.S.C.s.3056). Any special service employee employed under the  
35 federal Older American Community Service Employment Act,

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1 Pub.L.94-135 (42 U.S.C.s.3056), who is in the retirement system on  
2 the effective date of P.L.1996, c.139 may terminate membership in  
3 the retirement system by making an application in writing to the  
4 board of trustees of the retirement system. Upon receiving the  
5 application, the board shall terminate enrollment in the system and  
6 the member shall receive a refund of accumulated deductions as of  
7 the date of commencement of employment in a federal Older  
8 American Community Service Employment Act program. This  
9 refund of contributions shall serve as a waiver of all benefits  
10 payable to the employee, to any dependent or dependents, or to any  
11 beneficiary under the retirement system.

12 j. An employee of the South Jersey Port Corporation who was  
13 employed by the South Jersey Port Corporation as of the effective  
14 date of P.L.1997, c.150 (C.34:1B-144 et al.) and who shall be re-  
15 employed within 365 days of such effective date by a subsidiary  
16 corporation or other corporation, which has been established by the  
17 Delaware River Port Authority pursuant to subdivision (m) of  
18 Article I of the compact creating the Delaware River Port Authority  
19 (R.S.32:3-2), as defined in section 3 of P.L.1997, c.150 (C.34:1B-  
20 146), shall be eligible to continue membership while an employee  
21 of such subsidiary or other corporation.  
22 (cf: P.L.2007, c.92, s.17)

23

24 8. Section 39 of P.L.1954, c.84 (C.43:15A-39) is amended to  
25 read as follows:

26 39. In computing for retirement purposes the total service of a  
27 member about to be retired, the retirement system shall credit the  
28 member with the time of all service rendered by the member since  
29 that member's last enrollment, and in addition with all the service to  
30 which the member is entitled and with no other service. Except as  
31 otherwise provided in this act, this service credit shall be final and  
32 conclusive for retirement purposes unless the member shall  
33 discontinue service for more than two consecutive years. In the case  
34 of a member for whom compensation is defined in paragraph (2) of  
35 subsection r. of section 6 of P.L.1954, c.84 (C.43:15A-6), the

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1 retirement system shall credit the member with the time of all  
2 service rendered by the member during the part of any year that the  
3 member was a participant of the Defined Contribution Retirement  
4 Program, pursuant to paragraph (5) of subsection a. of section 2 of  
5 P.L.2007, c.92 (C.43:15C-2) as amended by section 12 of P.L.2007,  
6 c.103, and making contributions to that program.

7 For the purpose of computing service for retirement purposes,  
8 the board shall fix and determine by appropriate rules and  
9 regulations how much service in any year shall equal a year of  
10 service and a part of a year of service. Not more than one year shall  
11 be credited for all service in a calendar year. A member may  
12 purchase credit for time during which the member shall have been  
13 absent on an official leave without pay. The credit shall be  
14 purchased for a period of time equal to:

15 (1) three months or the duration of the leave, whichever is less;  
16 or

17 (2) if the leave was due to the member's personal illness, two  
18 years or the duration of the leave, whichever is less; or

19 (3) the period of leave that is specifically allowed for retirement  
20 purposes by the provisions of any law of this State.

21 The purchase shall be made in the same manner and be subject to  
22 the same terms and conditions provided for the purchase of previous  
23 membership service credit by section 8 of P.L.1954, c.54  
24 (C.43:15A-8). In computing the service or in computing final  
25 compensation, no time during which a member was in employment,  
26 office, or position for which the annual salary or remuneration was  
27 fixed at less than \$500.00 in the case of service rendered prior to  
28 November 6, 1986, or for which the annual salary or remuneration  
29 is fixed at less than [\$1,500.00] that which was required for  
30 membership pursuant to section 7 of P.L.1954, c.84 (C.43:15A-7)  
31 as applicable to the member in the case of service rendered on or  
32 after that date, shall be credited, except that in the case of a veteran  
33 member credit shall be given for service rendered prior to January  
34 2, 1955, in an employment, office or position if the annual salary or  
35 remuneration therefor was fixed at not less than \$300.00 and such

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1 service consisted of the performance of the full duties of the  
2 employment, office or position.

3 (cf: P.L.2007, c.103, s.18)

4

5 9. Section 65 of P.L.1954, c.84 (C.43:15A-65) is amended to  
6 read as follows:

7 65. (a) All employees of any public agency or organization of  
8 this State, which employs persons engaged in service to the public,  
9 shall be eligible to participate in the Public Employees' Retirement  
10 System; provided the employer consents thereto by resolution and  
11 files a certified copy of such resolution with the board of trustees of  
12 the Public Employees' Retirement System and the board of trustees  
13 approves thereof by resolution. Such organization shall be referred  
14 to in this act as the employer. If the participation of such  
15 employees is so approved then the employer shall contribute to the  
16 contingent reserve fund on account of its members at the same rate  
17 per centum as would be paid by employers other than the State.

18 (b) Notwithstanding the provisions of subsection (a) of this  
19 section, every person becoming an employee of a public agency or  
20 organization of this State, which employs persons engaged in  
21 service to the public, after June 30, 1966, who is not eligible to  
22 become a member of any other retirement system, shall be required  
23 to participate in the Public Employees' Retirement System.  
24 Notwithstanding the provisions of subsection (a) of this section,  
25 membership in the Public Employees' Retirement System shall be  
26 optional with any person in the employ of any such public agency  
27 or organization on June 30, 1966, provided such person is not  
28 required to be a member pursuant to another provision of this act,  
29 and provided further that such person is not eligible to be a member  
30 of any other retirement system. The provisions of this subsection  
31 shall not apply to any person whose position is temporary or  
32 seasonal, nor to any person in office, position or employment for  
33 which the annual salary or remuneration is fixed at less than  
34 [\$1,500.00] that which is required for membership pursuant to  
35 section 7 of P.L.1954, c.84 (C.43:15A-7) as applicable to the

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1 member, nor to any person whose position is not covered by the  
2 old-age and survivors' insurance provisions of the federal Social  
3 Security Act. The public agency or organization employing any  
4 such person who becomes a member of the retirement system  
5 pursuant to this subsection shall contribute to the contingent reserve  
6 fund on account of such employees at the same rate per centum as  
7 would be paid by employers other than the State.

8 (cf: P.L.1986, c.139, s.3)

9

10 10. Section 75 of P.L.1954, c.84 (C.43:15A-75) is amended to  
11 read as follows:

12 75. (a) If this act is so adopted it shall become effective in the  
13 county or municipality adopting it on June 30 of the following year.  
14 Membership in the Public Employees' Retirement System shall be  
15 optional with the employees of the county, board of education or  
16 municipality in the service on the day the act becomes effective or  
17 on June 30, 1966, whichever is earlier, in such county, board of  
18 education or municipality except in the case of public employee  
19 veterans who on such date are members. An employee who elects  
20 to become a member within one year after this act so takes effect  
21 shall be entitled to prior service covering service rendered to the  
22 county, board of education or municipality prior to July 1, 1966 or  
23 prior to the date this act so becomes effective, whichever is earlier.  
24 Membership shall be compulsory for all employees entering the  
25 service of the county, board of education or municipality on July 1,  
26 1966 or after the date this act becomes effective, whichever is  
27 earlier. Where any such employee entering the service of the  
28 county, board of education or municipality after the date this act so  
29 becomes effective has had prior service for which evidence  
30 satisfactory to the retirement system is presented, as an employee in  
31 such county, board of education or municipality before the date  
32 upon which this act so becomes effective, or July 1, 1966,  
33 whichever is earlier, such employee shall be entitled to prior service  
34 covering service rendered to the county, board of education or

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1 municipality prior to the date this act so becomes effective, or July  
2 1, 1966, whichever is earlier.

3 (b) Notwithstanding the provisions of section 74 of this act and  
4 subsection (a) of this section, every person, other than a non-veteran  
5 elected official, becoming an employee of a county, board of  
6 education, municipality or school district after June 30, 1966, who  
7 is not eligible to become a member of another retirement system,  
8 shall be required to become a member of the Public Employees'  
9 Retirement System. Notwithstanding the provisions of section 74  
10 of this act and subsection (a) of this section, membership in the  
11 retirement system shall be optional with any elected official who is  
12 not a veteran, regardless of the date he assumes office, and with any  
13 other person in the employ of any county, board of education,  
14 municipality or school district on June 30, 1966, provided such  
15 elected official or other person is not then a member and is not  
16 required to be a member of the retirement system pursuant to  
17 another provision of this act, and provided further that such person  
18 is not eligible to be a member of another retirement system.  
19 Elected officials commencing service on or after the effective date  
20 of sections 1 through 19 of P.L.2007, c.92 (C.43:15C-1 through  
21 C.43:15C-15, C.43:3C-9, C.43:15A-7, C.43:15A-75 and C.43:15A-  
22 135) shall not be eligible for membership in the retirement system  
23 based on service in the elective public office, except that an elected  
24 official enrolled in the retirement system as of that effective date  
25 who continues to hold that elective public office without a break in  
26 service shall be eligible to continue membership in the retirement  
27 system under the terms and conditions of enrollment.

28 The provisions of this subsection shall not apply to any person  
29 whose position is temporary or seasonal, nor to any person in  
30 office, position or employment for which the annual salary or  
31 remuneration is fixed at less than [\$1,500.00] that which is required  
32 for membership pursuant to section 7 of P.L.1954, c.84 (C.43:15A-  
33 7) as applicable to the member, nor to any person whose position is  
34 not covered by the old age and survivors' insurance provisions of  
35 the federal Social Security Act. No credit shall be allowed to any

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1 person becoming a member of the retirement system pursuant to  
2 this subsection for service rendered to the employer prior to July 1,  
3 1966, until the provisions of section 74 of this act have been  
4 complied with, in which event such credit shall be allowed in  
5 accordance with the provisions of subsection (a) of this section;  
6 except that the governing body of any county, board of education or  
7 municipality may, by resolution, consent to the allowance of such  
8 credit and file a certified copy of such resolution with the board of  
9 trustees of the Public Employees' Retirement System.  
10 (cf: P.L.2007, c.92, s.18)

11

12 11. Section 2 of P.L.2007, c.92 (C.43:15C-2) is amended to read  
13 as follows:

14 2. a. The following persons shall be eligible and shall  
15 participate in the Defined Contribution Retirement Program:

16 (1) A person who commences service on or after the effective  
17 date of this section of P.L.2007, c.92 (C.43:15C-1 et al.) in an  
18 elective public office of this State or of a political subdivision  
19 thereof, except that it shall not include a person who holds elective  
20 public office on the effective date of this section and is enrolled in  
21 the Public Employees' Retirement System while that person  
22 continues to hold that elective public office without a break in  
23 service. Service in the Legislature shall be considered a single  
24 elective public office.

25 (2) A person who commences service on or after the effective  
26 date of this section in an employment, office or position of the State  
27 or of a political subdivision thereof, or an agency, board,  
28 commission, authority or instrumentality of the State or of a  
29 subdivision, pursuant to an appointment by the Governor that  
30 requires the advice and consent of the Senate, or pursuant to an  
31 appointment by the Governor to serve at the pleasure of the  
32 Governor only during his or her term of office. This paragraph shall  
33 not be deemed to include a person otherwise eligible for  
34 membership in the State Police Retirement System or the Judicial  
35 Retirement System.

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1       (3) A person who commences service on or after the effective  
2 date of this section in an employment, office or position in a  
3 political subdivision of the State, or an agency, board, commission,  
4 authority or instrumentality of a subdivision, pursuant to an  
5 appointment by an elected public official or elected governing  
6 body, that requires the specific consent or approval of the elected  
7 governing body of the political subdivision that is substantially  
8 similar in nature to the advice and consent of the Senate for  
9 appointments by the Governor of the State as that similarity is  
10 determined by the elected governing body and set forth in an  
11 adopted ordinance or resolution, pursuant to guidelines or policy  
12 that shall be established by the Local Finance Board in the  
13 Department of Community Affairs or the Department of Education,  
14 as appropriate to the elected governing body. This paragraph shall  
15 not be deemed to include a person otherwise eligible for  
16 membership in the Teachers' Pension and Annuity Fund or the  
17 Police and Firemen's Retirement System, or a person who is  
18 employed or appointed in the regular or normal course of  
19 employment or appointment procedures and consented to or  
20 approved in a general or routine manner appropriate for and  
21 followed by the political subdivision, or the agency, board,  
22 commission, authority or instrumentality of a subdivision, or a  
23 person who holds a professional license or certificate to perform  
24 and is performing as a certified health officer, tax assessor, tax  
25 collector, municipal planner, chief financial officer, registered  
26 municipal clerk, construction code official, licensed uniform  
27 subcode inspector, qualified purchasing agent, or certified public  
28 works manager.

29       (4) A person who is granted a pension or retirement allowance  
30 under any pension fund or retirement system established under the  
31 laws of this State and elects to participate pursuant to section 1 of  
32 P.L.1977, c.171 (C.43:3C-3) upon being elected to public office.

33       (5) A member of the Teachers' Pension and Annuity Fund or the  
34 Public Employees' Retirement System for whom compensation is  
35 defined as the amount of base or contractual salary equivalent to the

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1 annual maximum wage contribution base for Social Security,  
2 pursuant to the Federal Insurance Contributions Act, for  
3 contribution and benefit purposes in either of those retirement  
4 systems, for whom participation in this retirement program shall be  
5 with regard to any excess over the maximum compensation only.

6 (6) A person in employment, office or position for which the  
7 annual salary or remuneration is less than that which is required to  
8 become a member of the Teachers' Pension and Annuity Fund or  
9 the Public Employees' Retirement System, or to make contributions  
10 to those systems as a member on the basis of any such employment,  
11 office or position, after the effective date of P.L. , c. (pending  
12 before the Legislature as this bill).

13 b. No person shall be eligible to participate in the retirement  
14 program with respect to any public employment, office, or position  
15 if:

16 (1) the base salary for that employment, office, or position is  
17 less than \$1,500 per year;

18 (2) the person is, on the basis of service in that employment,  
19 office, or position, eligible for membership or enrolled as a member  
20 of another State or locally-administered pension fund or retirement  
21 system established under the laws of this State including the  
22 Alternate Benefit Program, except as otherwise specifically  
23 provided in subsection a. of this section;

24 (3) the person is receiving a benefit as a retiree from any other  
25 State or locally-administered pension fund or retirement system  
26 established under the laws of this State, except as provided in  
27 section 1 of P.L.1977, c.171 (C.43:3C-3); or

28 (4) the person is an officer or employee of a political  
29 subdivision of this State or of a board of education, or of any  
30 agency, authority or instrumentality thereof, who is ineligible for  
31 membership in the Public Employees' Retirement System pursuant  
32 to section 20 of P.L.2007, c.92 (C.43:15A-7.2).

33 c. A person eligible and required to participate in the  
34 retirement program whose base salary is less than \$5,000 may at the  
35 commencement of service in an employment, office or position

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1 irrevocably elect to waive participation with regard to that  
2 employment, office, or position by filing, at the time and on a form  
3 required by the division, a written waiver with the Division of  
4 Pensions and Benefits that waives all rights and benefits that would  
5 otherwise be provided by the retirement program.

6 A person eligible and required to participate in the retirement  
7 program pursuant to paragraph (5) of subsection a. of this section  
8 may elect to waive participation with regard to that employment,  
9 office, or position by filing, when first eligible, on a form required  
10 by the division, a written waiver with the Division of Pensions and  
11 Benefits that waives all rights and benefits that would otherwise be  
12 provided by the retirement program. Such a person may thereafter  
13 elect to participate in the retirement program by filing, on a form  
14 required by the division, a written election to participate in the  
15 retirement program and participation in the retirement program  
16 pursuant to such election shall commence on the January 1 next  
17 following the filing of the election to participate.

18 d. Service credited to a participant in the Defined Contribution  
19 Retirement Program shall not be recognized as service credit to  
20 determine eligibility for employer-paid health care benefits in  
21 retirement pursuant to P.L.1961, c.49 (C.52:14-17.25 et seq.),  
22 N.J.S.40A:10-16 et seq., P.L.1979, c.391 (C.18A:16-12 et al.) or  
23 any other law, rule or regulation.  
24 (cf: P.L.2007, c.103, s.12)

25

26 12. Section 3 of P.L.1969, c.242 (C.18A:66-169) is amended to  
27 read as follows:

28 3. As used in this act:

29 a. "Accumulated deductions" means those contributions as  
30 defined in N.J.S.18A:66-2 or in section 6 of P.L.1954, c.84  
31 (C.43:15A-6).

32 b. "Base salary" means a participant's regular base or contractual  
33 salary. It shall exclude bonus, overtime or other forms of extra  
34 compensation such as (1) longevity lump sum payments, (2) lump  
35 sum terminal sick leave or vacation pay, (3) the value of

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24

1 maintenance, (4) individual pay adjustments made within or at the  
2 conclusion of the participant's final year of service, (5) retroactive  
3 salary adjustments or other pay adjustments made in the  
4 participant's final year of service unless such adjustment was made  
5 as a result of a general pay adjustment for all personnel of the  
6 department or institution, (6) any unscheduled individual  
7 adjustment made in the final year to place the member at the  
8 maximum salary level within his salary range and (7) any pay for  
9 services rendered during the summer vacation period by a  
10 participant who is required to work only 10 months of the year.

11 c. "Base annual salary" means the base salary upon which  
12 contributions by the member and his employer to the alternate  
13 benefit program were based during the last year of creditable  
14 service.

15 d. (Deleted by amendment, P.L.1994, c.48).

16 e. "University of Medicine and Dentistry" means the University  
17 of Medicine and Dentistry of New Jersey established pursuant to the  
18 terms of section 3 of P.L.1970, c.102 (C.18A:64G-3).

19 f. "County colleges" means the colleges so defined in  
20 N.J.S.18A:64A-1.

21 g. "Division of Pensions" means the division established in the  
22 Department of the Treasury pursuant to section 1 of P.L.1955, c.70  
23 (C.52:18A-95) and is the agency responsible for the administration  
24 of the alternate benefit program of the State and county colleges  
25 and for the administration of the group life and disability insurances  
26 of all alternate benefit programs established in the State for public  
27 employees.

28 h. "Full-time officers" and "full-time members of the faculty"  
29 shall include the president, vice president, secretary and treasurer of  
30 the respective school. "Full-time" shall also include eligible full-  
31 time officers and full-time members of the faculty who are granted  
32 sabbaticals or leaves of absence with pay where the compensation  
33 paid is 50% or more of the base salary at the time the leave  
34 commences and the period of eligibility terminates with the end of  
35 the school year following the year in which the sabbatical began.

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1 "Part-time" shall be defined as an appointment where the employee  
2 receives a salary or wages for a period of less than 50% of the  
3 normal work week. These definitions shall apply to teaching or  
4 administrative staff members or to employees serving in a dual  
5 capacity where the appointment includes teaching as well as  
6 administrative duties.

7 i. "Group Annuity Plan" refers to the Group Annuity Contract  
8 R-134 between the Board of Trustees of the New Jersey Institute of  
9 Technology and the Prudential Insurance Company of America.

10 j. "Member" or "participant" means a full-time officer or a full-  
11 time member of the faculty participating in the alternate benefit  
12 program, and after the effective date of P.L. , c. (pending before  
13 the Legislature as this bill), means an adjunct faculty member or a  
14 part-time instructor whose employment agreement begins after that  
15 effective date .

16 k. "New Jersey Institute of Technology" means the Newark  
17 College of Engineering.

18 l. "Pension reserve" means those moneys as defined in  
19 N.J.S.18A:66-2 or in section 6 of P.L.1954, c.84 (C.43:15A-6).

20 m. "Rutgers, The State University" means the institution of  
21 higher education described in chapter 65 of Title 18A of the New  
22 Jersey Statutes.

23 n. "State Colleges" means the colleges so described in chapter  
24 64 of Title 18A of the New Jersey Statutes.

25 o. "Mutual fund company" means an investment company or  
26 trust regulated by the federal "Investment Company Act of 1940,"  
27 15 U.S.C.s. 80a-1 et seq.  
28 (cf: P.L.1994, c.48, s.187)

29  
30 13. (New section) An appeal by any person who is denied  
31 membership in the Teachers' Pension and Annuity Fund shall be  
32 transmitted as a contested case, along with all relevant materials  
33 and documents, by the State Treasurer to the Office of  
34 Administrative Law which shall conduct an adjudicatory proceeding

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1 thereon pursuant to the Administrative Procedure Act, P.L.1968,  
2 C.410 (C.52:14B-1 et seq.).

3  
4 14. (New section) An appeal by any person who is denied  
5 membership in the Public Employees' Retirement System shall be  
6 transmitted as a contested case, along with all relevant materials  
7 and documents, by the State Treasurer to the Office of  
8 Administrative Law which shall conduct an adjudicatory proceeding  
9 thereon pursuant to the Administrative Procedure Act, P.L.1968,  
10 C.410 (C.52:14B-1 et seq.).

11  
12 15. Section 2 of P.L.1961, c.49 (C.52:14-17.26) is amended to  
13 read as follows:

14 2. As used in this act:

15 (a) The term "State" means the State of New Jersey.

16 (b) The term "commission" means the State Health Benefits  
17 Commission, created by section 3 of this act.

18 (c) The term "employee" means an appointive or elective officer  
19 [or] , a full-time employee of the State of New Jersey, or a full-time  
20 employee of an employer other than the State who appears on a  
21 regular payroll and receives a salary or wages for an average of the  
22 number of hours per week as prescribed by the governing body of  
23 the participating employer which number of hours worked shall be  
24 considered full-time, determined by resolution, and not less than 20.

25 For the purposes of this act an employee of Rutgers, The State  
26 University of New Jersey, shall be deemed to be an employee of the  
27 State, and an employee of the New Jersey Institute of Technology  
28 shall be considered to be an employee of the State during such time  
29 as the Trustees of the Institute are party to a contractual agreement  
30 with the State Treasurer for the provision of educational services.

31 The term "employee" shall further mean, for purposes of this act, a  
32 former employee of the South Jersey Port Corporation, who is  
33 employed by a subsidiary corporation or other corporation, which  
34 has been established by the Delaware River Port Authority pursuant  
35 to subdivision (m) of Article I of the compact creating the Delaware

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1 River Port Authority (R.S.32:3-2), as defined in section 3 of  
2 P.L.1997, c.150 (C.34:1B-146), and who is eligible for continued  
3 membership in the Public Employees' Retirement System pursuant  
4 to subsection j. of section 7 of P.L.1954, c.84 (C.43:15A-7).

5 For the purposes of this act the term "employee" shall not  
6 include persons employed on a short-term, seasonal, intermittent or  
7 emergency basis, persons compensated on a fee basis, persons  
8 having less than two months of continuous service or persons whose  
9 compensation from the State is limited to reimbursement of  
10 necessary expenses actually incurred in the discharge of their  
11 official duties, provided, however, that the term "employee" shall  
12 include persons employed on an intermittent basis to whom the  
13 State has agreed to provide coverage under P.L.1961, c.49  
14 (C.52:14-17.25 et seq.) in accordance with a binding collective  
15 negotiations agreement. An employee paid on a 10-month basis,  
16 pursuant to an annual contract, will be deemed to have satisfied the  
17 two-month waiting period if the employee begins employment at  
18 the beginning of the contract year. The term "employee" shall also  
19 not include retired persons who are otherwise eligible for benefits  
20 under this act but who, although they meet the age or disability  
21 eligibility requirement of Medicare, are not covered by Medicare  
22 Hospital Insurance, also known as Medicare Part A, and Medicare  
23 Medical Insurance, also known as Medicare Part B. A determination  
24 by the commission that a person is an eligible employee within the  
25 meaning of this act shall be final and shall be binding on all parties.

26 (d) (1) The term "dependents" means an employee's spouse,  
27 partner in a civil union couple or an employee's domestic partner as  
28 defined in section 3 of P.L.2003, c.246 (C.26:8A-3), and the  
29 employee's unmarried children under the age of 23 years who live  
30 with the employee in a regular parent-child relationship. "Children"  
31 shall include stepchildren, legally adopted children and children  
32 placed by the Division of Youth and Family Services in the  
33 Department of Children and Families, provided they are reported  
34 for coverage and are wholly dependent upon the employee for  
35 support and maintenance. A spouse, partner in a civil union couple,

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1 domestic partner or child enlisting or inducted into military service  
2 shall not be considered a dependent during the military service. The  
3 term "dependents" shall not include spouses, partners in a civil  
4 union couple or domestic partners of retired persons who are  
5 otherwise eligible for the benefits under this act but who, although  
6 they meet the age or disability eligibility requirement of Medicare,  
7 are not covered by Medicare Hospital Insurance, also known as  
8 Medicare Part A, and Medicare Medical Insurance, also known as  
9 Medicare Part B.

10 (2) Notwithstanding the provisions of paragraph (1) of this  
11 subsection to the contrary and subject to the provisions of paragraph  
12 (3) of this subsection, for the purposes of an employer other than  
13 the State that is participating in the State Health Benefits Program  
14 pursuant to section 3 of P.L.1964, c.125 (C.52:14-17.34), the term  
15 "dependents" means an employee's spouse or partner in a civil  
16 union couple and the employee's unmarried children under the age  
17 of 23 years who live with the employee in a regular parent-child  
18 relationship. "Children" shall include stepchildren, legally adopted  
19 children and children placed by the Division of Youth and Family  
20 Services in the Department of Children and Families provided they  
21 are reported for coverage and are wholly dependent upon the  
22 employee for support and maintenance. A spouse, partner in a civil  
23 union couple or child enlisting or inducted into military service  
24 shall not be considered a dependent during the military service. The  
25 term "dependents" shall not include spouses or partners in a civil  
26 union couple of retired persons who are otherwise eligible for  
27 benefits under P.L.1961, c.49 (C.52:14-17.25 et seq.) but who,  
28 although they meet the age or disability eligibility requirement of  
29 Medicare, are not covered by Medicare Hospital Insurance, also  
30 known as Medicare Part A, and Medicare Medical Insurance, also  
31 known as Medicare Part B.

32 (3) An employer other than the State that is participating in the  
33 State Health Benefits Program pursuant to section 3 of P.L.1964,  
34 c.125 (C.52:14-17.34) may adopt a resolution providing that the  
35 term "dependents" as defined in paragraph (2) of this subsection

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1 shall include domestic partners as provided in paragraph (1) of this  
2 subsection.

3 (e) The term "carrier" means a voluntary association,  
4 corporation or other organization, including a health maintenance  
5 organization as defined in section 2 of the "Health Maintenance  
6 Organizations Act," P.L.1973, c.337 (C.26:2J-2), which is lawfully  
7 engaged in providing or paying for or reimbursing the cost of,  
8 personal health services, including hospitalization, medical and  
9 surgical services, under insurance policies or contracts, membership  
10 or subscription contracts, or the like, in consideration of premiums  
11 or other periodic charges payable to the carrier.

12 (f) The term "hospital" means (1) an institution operated  
13 pursuant to law which is primarily engaged in providing on its own  
14 premises, for compensation from its patients, medical diagnostic  
15 and major surgical facilities for the care and treatment of sick and  
16 injured persons on an inpatient basis, and which provides such  
17 facilities under the supervision of a staff of physicians and with 24  
18 hour a day nursing service by registered graduate nurses, or (2) an  
19 institution not meeting all of the requirements of (1) but which is  
20 accredited as a hospital by the Joint Commission on Accreditation  
21 of Hospitals. In no event shall the term "hospital" include a  
22 convalescent nursing home or any institution or part thereof which  
23 is used principally as a convalescent facility, residential center for  
24 the treatment and education of children with mental disorders, rest  
25 facility, nursing facility or facility for the aged or for the care of  
26 drug addicts or alcoholics.

27 (g) The term "State managed care plan" means a health care  
28 plan under which comprehensive health care services and supplies  
29 are provided to eligible employees, retirees, and dependents: (1)  
30 through a group of doctors and other providers employed by the  
31 plan; or (2) through an individual practice association, preferred  
32 provider organization, or point of service plan under which services  
33 and supplies are furnished to plan participants through a network of  
34 doctors and other providers under contracts or agreements with the  
35 plan on a prepayment or reimbursement basis and which may

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1 provide for payment or reimbursement for services and supplies  
2 obtained outside the network. The plan may be provided on an  
3 insured basis through contracts with carriers or on a self-insured  
4 basis, and may be operated and administered by the State or by  
5 carriers under contracts with the State.

6 (h) The term "Medicare" means the program established by the  
7 "Health Insurance for the Aged Act," Title XVIII of the "Social  
8 Security Act," Pub.L.89-97 (42 U.S.C.s.1395 et seq.), as amended,  
9 or its successor plan or plans.

10 (i) The term "traditional plan" means a health care plan which  
11 provides basic benefits, extended basic benefits and major medical  
12 expense benefits as set forth in section 5 of P.L.1961, c.49  
13 (C.52:14-17.29) by indemnifying eligible employees, retirees, and  
14 dependents for expenses for covered health care services and  
15 supplies through payments to providers or reimbursements to  
16 participants.

17 (j) The term "successor plan" means a State managed care plan  
18 that shall replace the traditional plan and that shall provide benefits  
19 as set forth in subsection (B) of section 5 of P.L.1961, c.49  
20 (C.52:14-17.29) with provisions regarding reimbursements and  
21 payments as set forth in paragraph (1) of subsection (C) of section 5  
22 of P.L.1961, c.49 (C.52:14-17.29).

23 (cf: P.L.2007, c.103, s.19)

24

25 16. (New section) Any person who knowingly obtains, or  
26 attempts or conspires to obtain, coverage or benefits under the State  
27 Health Benefits Program for himself or another, knowing that the  
28 person for whom membership or benefits are sought is ineligible  
29 therefor, shall be guilty of a crime of the fourth degree. Nothing in  
30 this section shall preclude prosecution or conviction for any other  
31 offense.

32

33 17. (New section) The State Health Benefits Commission shall  
34 establish an audit program through which it shall conduct a  
35 continuous review of the various public employers participating in

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1 the State Health Benefits Program for the purpose of ensuring that  
2 only eligible employees and retirees, and their dependents, are  
3 receiving health care coverage under the program. Every public  
4 entity whose employees are covered by the program, as well as  
5 employees and retirees thereof, and their dependents, and any other  
6 public entity having relevant information, shall cooperate fully with  
7 the commission and shall provide all information, records and  
8 documents requested by the commission in connection with an  
9 audit.

10

11 18. Section 39 of P.L.1971, c.121 (C.18A:66-6.1) is amended to  
12 read as follows:

13 39. a. In the case of any person who was required to become a  
14 member of the retirement system as a condition of employment, and  
15 whose application for enrollment in the retirement system or whose  
16 application for transfer from one employer to another within the  
17 system was filed beyond the effective date for his compulsory  
18 enrollment in the system or his transfer within the system, such  
19 person shall be required to purchase membership credit for his  
20 compulsory coverage by paying into the annuity savings fund the  
21 amount required by applying, in accordance with section 18A:66-  
22 29, his rate of contribution on his current base salary subject to the  
23 retirement system for each year of previous service during which  
24 he was required to have been a member.

25 b. If more than 1 year has elapsed from the time that  
26 contributions would have been required from such person, 1/2 of  
27 the employee's cost established by the computation provided by  
28 subsection a. of this section, will be required of his employer and  
29 shall be included in the next budget subsequent to the certification  
30 of this special liability by the retirement system. The amount  
31 certified by the system shall be payable by the employer to the  
32 contingent reserve fund and shall be due and owing to the system  
33 even if the employee is no longer in the employ of the employer by  
34 the date such moneys are to be paid to the system.

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1 c. The employee's obligation may be satisfied by regular  
2 installments, equal to at least 1/2 of the normal contribution to  
3 the retirement system, over a maximum period of 10 years, but not  
4 more than 2 years in the case of any employee who has attained or  
5 will attain age 60 within the 2-year period or, for a person who  
6 became a member of the retirement system on or after the effective  
7 date of P.L. , c. (pending before the Legislature as this bill),  
8 has attained or will attain age 62 within the 2-year period.

9 d. In the case of any person coming under the provisions of this  
10 section, full pension credit for the period of employment for which  
11 arrears are being paid by the employee shall be given upon the  
12 payment of at least 1/2 of the total employee's arrearage obligation  
13 and the completion of 1 year of membership and the making of such  
14 arrears payments, except that in the case of retirement pursuant to  
15 sections 18A:66-36, 18A:66-37, 18A:66-44 and 18A:66-71, the  
16 total membership credit for such service shall be in direct  
17 proportion as the amount paid bears to the total amount of the  
18 arrearage obligation of the employee.

19 (cf: P.L.1971, c.121, s.39)

20

21 19. N.J.S.18A:66-36 is amended to read as follows:

22 18A:66-36. Should a member of the Teachers' Pension and  
23 Annuity Fund, after having completed 10 years of service, be  
24 separated voluntarily or involuntarily from the service, before  
25 reaching service retirement age, and not by removal for conduct  
26 unbecoming a teacher or other just cause under the provisions of  
27 sections 18A:28-4 to 18A:28-5 and 18A:28-9 to 18A:28-13  
28 inclusive, such person may elect to receive, in lieu of the payment  
29 provided in section 18A:66-34:

30 a. The payments provided for in section 18A:66-37, if he so  
31 qualified under said section; or

32 b. A deferred retirement allowance beginning at age 60, or for  
33 a person who becomes a member of the retirement system on or  
34 after the effective date of P.L. , c. (pending before the  
35 Legislature as this bill) beginning at age 62, which shall be made

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1 up of an annuity derived from the member's accumulated  
2 deductions at the time of his severance from the service, and a  
3 pension in the amount which, when added to the member's annuity,  
4 will provide a total retirement allowance of 1/64 of his final  
5 compensation for each year of service credited as Class A service  
6 and 1/55 of his final compensation for each year of service credited  
7 as class B service, calculated in accordance with section 18A:66-44,  
8 with optional privileges provided for in section 18A:66-47 if he  
9 exercises such optional privilege at least 30 days before his  
10 attainment of the normal retirement age; provided, that such  
11 election is communicated by such member to the retirement system  
12 in writing stating at what time subsequent to the execution and  
13 filing thereof he desires to be retired; and provided, further, that  
14 such member may later elect: (1) to receive the payments provided  
15 for in section 18A:66-37, if he had qualified under that section at  
16 the time of leaving service, except that in order to avail himself of  
17 the optional privileges pursuant to section 18A:66-47, he must  
18 exercise such optional privilege at least 30 days before the effective  
19 date of his retirement; or (2) to withdraw his accumulated  
20 deductions with interest as provided in section 18A:66-34. If such  
21 member shall die before attaining service retirement age, then his  
22 accumulated deductions, plus regular interest after January 1, 1956,  
23 shall be paid in accordance with section 18A:66-38, and, in addition  
24 if such member shall die after attaining service retirement age and  
25 has not withdrawn his accumulated deductions, an amount equal to  
26 3/16 of the compensation upon which contributions by the member  
27 to the annuity savings fund were based in the last year of creditable  
28 service shall be paid to such member's beneficiary.

29 Any member who, having elected to receive a deferred  
30 retirement allowance, again becomes an employee covered by the  
31 retirement system while under the age of 60 or, if that person  
32 became a member of the retirement system on or after the effective  
33 date of P.L. \_\_\_\_\_, c. \_\_\_\_\_ (pending before the Legislature as this bill),  
34 while under the age of 62, shall thereupon be reenrolled. If he had  
35 discontinued his service for more than two consecutive years,

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1 subsequent contributions shall be at a rate applicable to the age  
2 resulting from the subtraction of his years of creditable service at  
3 the time of his last discontinuance of contributing membership from  
4 his age at the time of his return to service. He shall be credited with  
5 all service as a member standing to his credit at the time of his  
6 election to receive a deferred retirement allowance.

7 (cf: P.L.2001, c.133, s.4)

8

9 20. N.J.S.18A:66-37 is amended to read as follows:

10 18A:66-37. Should a member resign after having established 25  
11 years of creditable service before reaching age 60, or before  
12 reaching the age of 62 if the person became a member of the  
13 retirement system on or after the effective date of P.L. \_\_\_\_\_, c.  
14 (pending before the Legislature as this bill), the member may elect  
15 "early retirement," provided, that such election is communicated by  
16 such member to the retirement system by filing a written  
17 application, duly attested, stating at what time subsequent to the  
18 execution and filing thereof the member desires to be retired. The  
19 member shall receive, in lieu of the payment provided in  
20 N.J.S.18A:66-34, an annuity which is the actuarial equivalent of the  
21 member's accumulated deductions and a pension in the amount  
22 which, when added to the member's annuity, will provide a total  
23 retirement allowance of 1/64 of the member's final compensation  
24 for each year of service credited as class A service and 1/55 of the  
25 member's final compensation for each year of service credited as  
26 class B service, calculated in accordance with N.J.S.18A:66-44,  
27 reduced:

28 (a) by 1/4 of 1% for each month that the member lacks of being  
29 age 55; or

30 (b) for a person who becomes a member of the retirement  
31 system on or after July 1, 2007, by 1/4 of 1% for each month that  
32 the member lacks of being age 55 and by 1/12 of 1% for each  
33 month that the member lacks of being age 60 but over age 55; or

34 (c) for a person who becomes a member of the retirement system  
35 on or after the effective date of P.L. \_\_\_\_\_, c. (pending before the

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1 Legislature as this bill), by 1/4 of 1% for each month that the  
2 member lacks of being age 55 and by 1/12 of 1% for each month  
3 that the member lacks of being age 62 but over age 55; provided,  
4 however, that upon the receipt of proper proofs of the death of such  
5 a member there shall be paid to the member's beneficiary an amount  
6 equal to 3/16 of the compensation upon which contributions by the  
7 member to the annuity savings fund were based in the last year of  
8 creditable service or in the year of the member's highest contractual  
9 salary, whichever is higher.

10 Subparagraph (b) or (c) of this section shall not apply to a person  
11 who at the time of enrollment in the retirement system on or after  
12 July 1, 2007 transfers service credit from another State-  
13 administered retirement system pursuant to N.J.S.18A:66-15.1, but  
14 shall apply to a former member of the retirement system who has  
15 been granted a retirement allowance and is reenrolled in the  
16 retirement system on or after July 1, 2007 pursuant to  
17 N.J.S.18A:66-53.2 after becoming employed again in a position that  
18 makes the person eligible to be a member of the retirement system.

19 The board of trustees shall retire the member at the time  
20 specified or at such other time within one month after the date so  
21 specified as the board finds advisable.

22 (cf: P.L.2007, c.103, s.7)

23

24 21. N.J.S.18A:66-43 is amended to read as follows:

25 18A:66-43. Retirement for service shall be as follows: (a) A  
26 [member who] person who was a member before the effective date  
27 of P.L. , c. (pending before the Legislature as this bill) and has  
28 attained 60 years of age may retire on a service retirement  
29 allowance by filing with the retirement system a written  
30 application, duly attested, stating at which time subsequent to the  
31 execution and filing thereof he desires to be retired. The board of  
32 trustees shall retire him at the time specified or at such other time  
33 within 1 month after the date so specified as the board finds  
34 advisable.

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1 (b) [Any member in service who attains 70 years of age shall be  
2 retired by the board of trustees on a service retirement allowance  
3 forthwith on the first day of the next calendar month, or at such  
4 time within 1 year thereafter as it deems advisable] A person who  
5 becomes a member on or after the effective date of P.L. \_\_\_\_\_, c.  
6 (pending before the Legislature as this bill) and has attained 62  
7 years of age may retire on a service retirement allowance by filing  
8 with the retirement system a written application, duly attested,  
9 stating at which time subsequent to the execution and filing thereof  
10 the member desires to be retired. The board of trustees shall retire  
11 the member at the time specified or at such other time within 1  
12 month after the date so specified as the board finds advisable.  
13 (cf: P.L.1971, c.121, s.24)

14  
15 22. Section 48 of P.L.1971, c.213 (C.43:15A-7.1) is amended to  
16 read as follows:

17 48. a. In the case of any person who was required to become a  
18 member of the retirement system as a condition of employment, and  
19 whose application for enrollment in the retirement system or whose  
20 application for transfer from one employer to another within the  
21 system was filed beyond the effective date for his compulsory  
22 enrollment in the system or his transfer within the system, such  
23 person shall be required to purchase membership credit for his  
24 compulsory coverage by paying into the annuity savings fund the  
25 amount required by applying, in accordance with section 25 of  
26 chapter 84 of the laws of 1954, his rate of contribution on his  
27 current base salary subject to the retirement system for each year of  
28 previous service during which he was required to have been a  
29 member.

30 b. If more than 1 year has elapsed from the time that  
31 contributions would have been required from such person, 1/2 of  
32 the employee's cost, established by the computation provided by  
33 subsection a. of this section, will be required of his employer and  
34 shall be included in the next budget subsequent to the certification  
35 of this special liability by the retirement system. The amount

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1 certified by the system shall be payable by the employer to the  
2 contingent reserve fund and shall be due and owing to the system  
3 even if the employee is no longer in the employ of the employer by  
4 the date such moneys are to be paid to the system.

5 c. The employees' obligation may be satisfied by regular  
6 installments, equal to at least  $1/2$  the normal contribution to the  
7 retirement system, over a maximum period of 10 years but not more  
8 than 2 years in the case of any employee who has attained or will  
9 attain age 60 within the 2-year period, or in the case of any  
10 employee who became a member of the retirement system on or  
11 after the effective date of P.L. \_\_\_\_\_, c. \_\_\_\_\_ (pending before the  
12 Legislature as this bill), has attained or will attain age 62 within the  
13 2-year period.

14 d. In the case of any person coming under the provisions of this  
15 section, full pension credit for the period of employment for which  
16 arrears are being paid by the employee shall be given upon the  
17 payment of at least  $1/2$  of the total employee's arrearage obligation  
18 and the completion of 1 year of membership and the making of such  
19 arrears payments, except that in the case of retirement pursuant to  
20 sections 38, 41(b), 48 and 61 of chapter 84 of the laws of 1954, the  
21 total membership credit for such service shall be in direct  
22 proportion as the amount paid bears to the total amount of the  
23 arrearage obligation of the employee.

24 (cf: P.L.1971, c.213, s.48)

25

26 23. Section 41 of P.L.1954, c.84 (C.43:15A-41) is amended to  
27 read as follows:

28 41. a. A member who withdraws from service or ceases to be an  
29 employee for any cause other than death or retirement shall, upon  
30 the filing of an application therefor, receive all of his accumulated  
31 deductions standing to the credit of his individual account in the  
32 annuity savings fund, plus regular interest, less any outstanding  
33 loan, except that for any period after June 30, 1944, the interest  
34 payable shall be such proportion of the interest determined at the  
35 regular rate of 2% per annum bears to the regular rate of interest,

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1 and except that no interest shall be payable in the case of a member  
2 who has less than three years of membership credit for which he has  
3 made contributions. He shall cease to be a member two years from  
4 the date he discontinued service as an eligible employee, or, if prior  
5 thereto, upon payment to him of his accumulated deductions. If any  
6 such person or member shall die before withdrawing or before  
7 endorsing the check constituting the return of his accumulated  
8 deductions, such deductions shall be paid to the member's  
9 beneficiary. No member shall be entitled to withdraw the amounts  
10 contributed by his employer covering his military leave unless he  
11 shall have returned to the payroll and contributed to the retirement  
12 system for a period of 90 days.

13 b. Should a member resign after having established 25 years of  
14 creditable service before reaching age 60, or before reaching age 62  
15 if the person became a member of the retirement system on or after  
16 the effective date of P.L. , c. (pending before the Legislature as  
17 this bill), he may elect "early retirement," provided, that such  
18 election is communicated by such member to the retirement system  
19 by filing a written application, duly attested, stating at what time  
20 subsequent to the execution and filing thereof he desires to be  
21 retired. He shall receive, in lieu of the payment provided in  
22 subsection a. of this section, an annuity which is the actuarial  
23 equivalent of his accumulated deductions together with regular  
24 interest, and a pension in the amount which, when added to the  
25 member's annuity, will provide a total retirement allowance of 1/64  
26 of his final compensation for each year of service credited as Class  
27 A service and 1/55 of his final compensation for each year of  
28 service credited as Class B service, calculated in accordance with  
29 section 48 (C.43:15A-48) of this act, reduced:

30 (a) by 1/4 of 1% for each month that the member lacks of being  
31 age 55; or

32 (b) for a person who becomes a member of the retirement  
33 system on or after July 1, 2007, by 1/4 of 1% for each month that  
34 the member lacks of being age 55 and by 1/12 of 1% for each  
35 month that the member lacks of being age 60 but over age 55; or

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1        (c) for a person who becomes a member of the retirement system  
2 on or after the effective date of P.L. , c. (pending before the  
3 Legislature as this bill), by 1/4 of 1% for each month that the  
4 member lacks of being age 55 and by 1/12 of 1% for each month  
5 that the member lacks of being age 62 but over age 55; provided,  
6 however, that upon the receipt of proper proofs of the death of such  
7 a member there shall be paid to his beneficiary an amount equal to  
8 three-sixteenths of the compensation upon which contributions by  
9 the member to the annuity savings fund were based in the last year  
10 of creditable service.

11        Paragraph (b) or (c) of this subsection shall not apply to a person  
12 who at the time of enrollment in the retirement system on or after  
13 July 1, 2007 transfers service credit from another State-  
14 administered retirement system pursuant to section 14 of P.L.1954,  
15 c.84 (C.43:15A-14), but shall apply to a former member of the  
16 retirement system who has been granted a retirement allowance and  
17 is reenrolled in the retirement system on or after July 1, 2007  
18 pursuant to section 27 of P.L.1966, c.217 (C.43:15A-57.2) after  
19 becoming employed again in a position that makes the person  
20 eligible to be a member of the retirement system.

21        The board of trustees shall retire him at the time specified or at  
22 such other time within one month after the date so specified as the  
23 board finds advisable.

24        c. Upon the receipt of proper proofs of the death of a member  
25 in service on account of which no accidental death benefit is  
26 payable under section 49 there shall be paid to such member's  
27 beneficiary:

28        (1) The member's accumulated deductions at the time of death  
29 together with regular interest; and

30        (2) An amount equal to one and one-half times the  
31 compensation upon which contributions by the member to the  
32 annuity savings fund were based in the last year of creditable  
33 service.

34 (cf: P.L.2007, c.103, s.8)

35

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1       24. Section 47 of P.L.1954, c.84 (C.43:15A-47) is amended to  
2 read as follows:

3       47. a. A [member who] person who was a member before the  
4 effective date of P.L.     , c.     (pending before the Legislature as this  
5 bill) and has attained 60 years of age may retire on a service  
6 retirement allowance by filing with the retirement system a written  
7 application, duly attested, stating at which time subsequent to the  
8 execution and filing thereof the member desires to be retired. The  
9 board of trustees shall retire him at the time specified or at such  
10 other time within one month after the date so specified as the board  
11 finds advisable.

12       b. [Any member in service who attains 70 years of age shall be  
13 retired by the board of trustees on a service retirement allowance  
14 forthwith on the first day of the next calendar month, or at such  
15 time within one month thereafter as it finds advisable, except that  
16 an employee attaining 70 years of age, other than a judge of the  
17 Office of Administrative Law or a judge of the Division of Workers'  
18 Compensation, may be continued in service on an annual basis upon  
19 written notice to the retirement system by the head of the State  
20 department or employer where the employee is employed] A person  
21 who becomes a member on or after the effective date of P.L.     , c.  
22 (pending before the Legislature as this bill) and has attained 62  
23 years of age may retire on a service retirement allowance by filing  
24 with the retirement system a written application, duly attested,  
25 stating at which time subsequent to the execution and filing thereof  
26 the member desires to be retired. The board of trustees shall retire  
27 the member at the time specified or at such other time within one  
28 month after the date so specified as the board finds advisable.

29 (cf: P.L.1999, c.38, s.16)

30

31       25. (New section) a. Paid holidays granted to all State  
32 government employees each calendar year shall be limited to the  
33 following:

34       (1) January 1, known as New Year's Day;

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- 1 (2) the third Monday in January, known as Martin Luther King's
- 2 Birthday;
- 3 (3) the third Monday in February, known as Washington's
- 4 Birthday, which shall be known and celebrated as Presidents Day in
- 5 this State;
- 6 (4) the day designated and known as Good Friday;
- 7 (5) the last Monday in May, known as Memorial Day;
- 8 (6) July 4, known as Independence Day;
- 9 (7) the first Monday in September, known as Labor Day;
- 10 (8) the second Monday in October, known as Columbus Day;
- 11 (9) November 11, known as Armistice Day or Veterans' Day;
- 12 (10) the fourth Thursday in November, known as Thanksgiving
- 13 Day;
- 14 (11) December 25, known as Christmas Day; and
- 15 (12) any general election day in this State.

16 b. The provisions of this section shall not impair any collective  
17 bargaining agreement or contract in effect on the effective date of  
18 P.L. , c. (pending before the Legislature as this bill). The  
19 provision of this section shall take effect in the calendar year  
20 following the expiration of the collective bargaining agreements or  
21 contracts covering a majority of the Executive Branch employees in  
22 effect on the effective date of P.L. , c. (pending before the  
23 Legislature as this bill).

24  
25 26. R.S.36:1-1 is amended to read as follows:

26 36:1-1. a. The following days in each year shall, for all  
27 purposes whatsoever as regards the presenting for payment or  
28 acceptance, and of the protesting and giving notice of dishonor, of  
29 bills of exchange, bank checks and promissory notes be treated and  
30 considered as the first day of the week, commonly called Sunday,  
31 and as public holidays, except as provided under subsection d. of  
32 this section: January 1, known as New Year's Day; the third  
33 Monday in January, known as Martin Luther King's Birthday;  
34 February 12, known as Lincoln's Birthday; the third Monday in  
35 February, known as Washington's Birthday; the day designated and

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1 known as Good Friday; the last Monday in May, known as  
2 Memorial Day; July 4, known as Independence Day; the first  
3 Monday in September, known as Labor Day; the second Monday in  
4 October, known as Columbus Day; November 11, known as  
5 Armistice Day or Veterans' Day; the fourth Thursday in November,  
6 known as Thanksgiving Day; December 25, known as Christmas  
7 Day; any general election day in this State; every Saturday; and any  
8 day heretofore or hereafter appointed, ordered or recommended by  
9 the Governor of this State, or the President of the United States, as a  
10 day of fasting and prayer, or other religious observance, or as a  
11 bank holiday or holidays. All such bills, checks and notes,  
12 otherwise presentable for acceptance or payment on any of the days  
13 herein enumerated, shall be deemed to be payable and be  
14 presentable for acceptance or payment on the secular or business  
15 day next succeeding any such holiday.

16 b. Whenever any of the days herein enumerated can and shall  
17 fall on a Sunday, the Monday next following shall, for any of the  
18 purposes herein enumerated be deemed a public holiday, except as  
19 provided under subsection d. of this section; and bills of exchange,  
20 checks and promissory notes which otherwise would be presentable  
21 for acceptance or payment on such Monday shall be deemed to be  
22 presentable for acceptance or payment on the secular or business  
23 day next succeeding such holiday.

24 c. In construing this section, every Saturday shall, until 12  
25 o'clock noon, be deemed a secular or business day, except as is  
26 hereinbefore provided in regard to bills of exchange, bank checks  
27 and promissory notes, and the days herein enumerated except bank  
28 holidays and Saturdays shall be considered as the first day of the  
29 week, commonly called Sunday, and public holidays, for all  
30 purposes whatsoever as regards the transaction of business in the  
31 public offices of this State, or counties of this State, except as  
32 provided under subsection d. of this section; but on all other days or  
33 half days, except Sunday or as otherwise provided by law, such  
34 offices shall be kept open for the transaction of business.

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1        d. Notwithstanding the provisions of subsections a. through c. of  
2 this section, when the provision of section 26 of P.L.     , c.  
3 (pending before the Legislature as this bill) takes effect, the  
4 following day each calendar year shall not be considered a public  
5 holiday for the purposes of conducting State government business:

6        February 12, known as Lincoln's Birthday.

7        All public offices of State government in this State shall be open  
8 on this day for the transaction of business.

9        (cf: P.L.1984, c.97, s.1)

10

11        27. Section 1 of P.L.1978, c.135 (C.36:1-1.2) is amended to read  
12 as follows:

13        1. Whenever any legal holiday enumerated in R.S.36:1-1 other  
14 than Saturday, and other than those days enumerated under  
15 subsection d. of R.S.36:1-1, can and shall fall on a Saturday, the  
16 preceding Friday shall be deemed to be said holiday for State  
17 employees, and the public offices of the State government shall be  
18 closed for the transaction of business.

19        (cf: P.L.1978, c.135, s.1)

20

21        28. This act shall take effect on first day of second month  
22 following enactment.