

# 52:14-17.36

## LEGISLATIVE HISTORY CHECKLIST

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**LAWS OF:** 2005 **CHAPTER:** 135

**NJSA:** 52:14-17.36 (Allows participation in SHBP for certain union elected officers and employees)

**BILL NO:** S2234 (Substituted for A3817)

**SPONSOR(S)** Vitale and others

**DATE INTRODUCED:** January 24, 2005

**COMMITTEE:** **ASSEMBLY:**  
**SENATE:** State Government

**AMENDED DURING PASSAGE:** Yes

**DATE OF PASSAGE:** **ASSEMBLY:** June 30, 2005

**SENATE:** June 27, 2005

**DATE OF APPROVAL:** July 7, 2005

**FOLLOWING ARE ATTACHED IF AVAILABLE:**

[FINAL TEXT OF BILL](#) (1<sup>st</sup> reprint enacted)

**S2234**

[SPONSOR'S STATEMENT:](#) (Begins on page 2 of original bill) [Yes](#)

**COMMITTEE STATEMENT:** **ASSEMBLY:** No

[SENATE:](#) [Yes](#)

**FLOOR AMENDMENT STATEMENT:** No

[LEGISLATIVE FISCAL NOTE:](#) [Yes](#)

**A3817**

[SPONSOR'S STATEMENT:](#) (Begins on page 2 of original bill) [Yes](#)

**COMMITTEE STATEMENT:** [ASSEMBLY:](#) [Yes](#)

**SENATE:** No

[FLOOR AMENDMENT STATEMENT:](#) [Yes](#)

**LEGISLATIVE FISCAL NOTE:** Yes [7-8-2005](#)  
[7-19-2005](#)

**VETO MESSAGE:** No

**GOVERNOR'S PRESS RELEASE ON SIGNING:** No

**FOLLOWING WERE PRINTED:**

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext 103 or <mailto:refdesk@njstatelib.org>

**REPORTS:**

No

**HEARINGS:**

No

**NEWSPAPER ARTICLES:**

Yes

"Codey signs law allowing union staff, leaders to receive state coverage," 7-9-2005 Asbury Park Press, p.A3

"Codey signs health plan legislation," 7-10-1005 The Record, p.L4

"State health plan is opened to union staffs," 7-9-2005 The Times, p.A1

Bill vetoed by Governor during last Legislative Session: A3780—attached

P.L. 2005, CHAPTER 135, *approved July 7, 2005*  
Senate, No. 2234 (*First Reprint*)

1 **AN ACT** concerning participation in the State Health Benefits Program by  
2 certain employers and supplementing P.L.1961, c.49 (C.52:14-17.25  
3 et seq.).  
4

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

7  
8 1. a. Notwithstanding any provision of P.L.1961, c.49 (C.52:14-17.25  
9 et seq.) or any other law to the contrary, an affiliate of a majority  
10 representative of State employees for collective negotiation purposes, <sup>1</sup>as  
11 recognized by the Public Employment Relations Commission established  
12 pursuant to P.L.1941, c.100 (C.34:13A-1 et seq.),<sup>1</sup> which affiliate  
13 represents State employees, may participate in the State Health Benefits  
14 Program pursuant to P.L.1961, c.49 (C.52:14-17.25 et seq.). All  
15 provisions of P.L.1961, c.49 (C.52:14-17.25 et seq.) shall be construed  
16 as to such participating employers and their elected officers and full-time  
17 employees, and their dependents, in the same manner as for participating  
18 local government employers, their employees and the dependents of such  
19 employees.

20 <sup>1</sup>As used in this section, the phrase "an affiliate of a majority  
21 representative of State employees" means a local union affiliate that has  
22 some employees who are engaged in the day-to-day representation of  
23 State employees, and shall not mean a local union affiliate's parent or  
24 international union.<sup>1</sup>

25 b. The Division of Pensions and Benefits shall certify to each such  
26 affiliate of a majority representative electing participation under the  
27 program the premium rates and periodic charges as determined for local  
28 government employees applicable to the coverage provided to the  
29 affiliate's elected officers and full-time employees and their dependents.  
30 The participating affiliate shall remit to the division the premiums and  
31 periodic charges in advance of their due dates, subject to the rules and  
32 regulations of the State Health Benefits Commission.

33 c. The State Health Benefits Commission shall adopt rules and  
34 regulations within 90 days of the effective date of this act, P.L. , c.  
35 (C. )(now pending before the Legislature as this bill), to implement  
36 this section and such rules and regulations shall permit an affiliate of  
37 a majority representative electing participation under the program to  
38 begin participation on or after the 120th day following the effective  
39 date of this act.

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

**Matter underlined thus is new matter.**

**Matter enclosed in superscript numerals has been adopted as follows:**

<sup>1</sup> Senate SSG committee amendments adopted June 23, 2005.

1 <sup>1</sup>2. Notwithstanding the provisions of subsection a. of section 1 of  
2 this act, P.L. \_\_\_\_\_, c. \_\_\_\_\_ (C. \_\_\_\_\_) (now pending before the Legislature as  
3 this bill), the total number of private sector employees who participate  
4 under the provisions of that section shall not be permitted to exceed  
5 a de minimis percentage of the total number of employees participating  
6 in the State Health Benefits Program. For purposes of this act, any  
7 employee who is on a leave of absence from employment with the  
8 State and who is an employee of an affiliate of a majority  
9 representative of State employees for collective negotiation purposes,  
10 which affiliate represents State employees, shall not be considered a  
11 private sector employee.<sup>1</sup>

12  
13 <sup>1</sup>3. a. On the effective date of this act, P.L. \_\_\_\_\_, c. \_\_\_\_\_ (C. \_\_\_\_\_) (now  
14 pending before the Legislature as this bill), the Division of Pensions  
15 and Benefits in the Department of the Treasury shall seek a  
16 determination letter from the United States Department of Labor  
17 confirming the status of the State Health Benefits Program, P.L.1961,  
18 c.49 (C.52:14-17.25 et seq.), as amended by this act, as a qualified and  
19 exempt governmental plan under Title I of the federal Employee  
20 Retirement Income Security Act of 1974 (ERISA).

21 b. In the event the division receives a determination letter from the  
22 United States Department of Labor stating that P.L. \_\_\_\_\_, c. \_\_\_\_\_  
23 (C. \_\_\_\_\_) (now pending before the Legislature as this bill) changes the  
24 status of the State Health Benefits Program so that it is no longer a  
25 qualified and exempt governmental plan under Title I of the federal  
26 Employee Retirement Income Security Act of 1974, P.L. \_\_\_\_\_, c. \_\_\_\_\_  
27 (C. \_\_\_\_\_) (now pending before the Legislature as this bill) shall be void  
28 and expire immediately and no employees of an affiliate of a majority  
29 representative of State employees for collective negotiation purposes  
30 shall be permitted to enroll or continue to participate in the State  
31 Health Benefits Program.<sup>1</sup>

32  
33 <sup>1</sup>[2.] 4.<sup>1</sup> This act shall take effect immediately.

34  
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38 Allows participation in SHBP for certain union elected officers and  
39 employees.

# SENATE, No. 2234

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## STATE OF NEW JERSEY

### 211th LEGISLATURE

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INTRODUCED JANUARY 24, 2005

**Sponsored by:**

**Senator JOSEPH F. VITALE**

**District 19 (Middlesex)**

**Senator DIANE ALLEN**

**District 7 (Burlington and Camden)**

**SYNOPSIS**

Allows participation in SHBP for certain union elected officers and employees.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 6/17/2005)**

1 AN ACT concerning participation in the State Health Benefits Program by  
2 certain employers and supplementing P.L.1961, c.49 (C.52:14-17.25  
3 et seq.).

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

7  
8 1. a. Notwithstanding any provision of P.L.1961, c.49 (C.52:14-17.25  
9 et seq.) or any other law to the contrary, an affiliate of a majority  
10 representative of State employees for collective negotiation purposes,  
11 which affiliate represents State employees, may participate in the State  
12 Health Benefits Program pursuant to P.L.1961, c.49 (C.52:14-17.25 et  
13 seq.). All provisions of P.L.1961, c.49 (C.52:14-17.25 et seq.) shall be  
14 construed as to such participating employers and their elected officers and  
15 full-time employees, and their dependents, in the same manner as for  
16 participating local government employers, their employees and the  
17 dependents of such employees.

18 b. The Division of Pensions and Benefits shall certify to each such  
19 affiliate of a majority representative electing participation under the  
20 program the premium rates and periodic charges as determined for local  
21 government employees applicable to the coverage provided to the  
22 affiliate's elected officers and full-time employees and their dependents.  
23 The participating affiliate shall remit to the division the premiums and  
24 periodic charges in advance of their due dates, subject to the rules and  
25 regulations of the State Health Benefits Commission.

26 c. The State Health Benefits Commission shall adopt rules and  
27 regulations within 90 days of the effective date of this act, P.L. , c.  
28 (C. )(now pending before the Legislature as this bill), to implement  
29 this section and such rules and regulations shall permit an affiliate of a  
30 majority representative electing participation under the program to begin  
31 participation on or after the 120th day following the effective date of this  
32 act.

33

34 2. This act shall take effect immediately.

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STATEMENT

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39 This bill provides that an affiliate of a majority representative of State  
40 employees for collective negotiation purposes, which affiliate represents  
41 State employees, may obtain coverage in the State Health Benefits  
42 Program (SHBP) for its elected officers and employees and their  
43 dependents.

44 Each affiliate electing to participate in SHBP will remit the premium  
45 rates or periodic charges to the program, as such rates or charges are  
46 determined for local government employees and applicable to the  
47 coverage provided.

# SENATE STATE GOVERNMENT COMMITTEE

## STATEMENT TO

### **SENATE, No. 2234**

with committee amendments

# **STATE OF NEW JERSEY**

DATED: JUNE 23, 2005

The Senate State Government Committee reports favorably and with committee amendments Senate, No. 2234.

This bill provides that an affiliate of a majority representative of State employees for collective negotiation purposes, which affiliate represents State employees, may obtain coverage in the State Health Benefits Program (SHBP) for its elected officers and employees and their dependents. As used in the bill, the phrase "an affiliate of a majority representative of State employees" means a local union affiliate that has some employees who are engaged in the day-to-day representation of State employees, and does not mean a local union affiliate's parent or international union.

Each affiliate electing to participate in SHBP will remit the premium rates or periodic charges to the program, as such rates or charges are determined for local government employees and applicable to the coverage provided.

As amended, the bill requires that on its effective date the Division of Pensions and Benefits in the Department of the Treasury must seek a determination letter from the federal Department of Labor confirming the status of the State Health Benefits Program as a qualified and exempt governmental plan under Title I of the federal Employee Retirement Income Security Act of 1974 (ERISA). In the event the division receives a determination letter from the federal Department of Labor stating that the law as embodied in this bill changes the status of the State Health Benefits Program so that it is no longer a qualified and exempt governmental plan under Title I of ERISA, the law would be void and expire immediately and no employees of an affiliate of a majority representative of State employees for collective negotiation purposes would be permitted to newly enroll or continue to participate in the State Health Benefits Program.

The committee amended the bill to: 1) require that the affiliate of a majority representative of State employees for collective negotiation purposes must be recognized by the Public Employment Relations Commission (PERC); 2) define the phrase "an affiliate of a majority representative of State employees"; 3) provide that the total number of

private sector employees who participate under the provisions of the bill will not be permitted to exceed a de minimis percentage of the total number of employees participating in SHBP; 4) require that on the bill's effective date the Division of Pensions and Benefits must seek a determination letter from the federal Department of Labor confirming the status of the State Health Benefits Program under ERISA; and 5) provide that if the determination letter states that the law as embodied in this bill changes the status of SHBP so that it is no longer a qualified and exempt governmental under ERISA, the law would be void and expire immediately.

As amended, this bill is identical to Assembly, No. 3817 (1R).



**FISCAL NOTE**  
**SENATE, No. 2234**  
**STATE OF NEW JERSEY**  
**211th LEGISLATURE**

DATED: JULY 14, 2005

**SUMMARY**

**Synopsis:** Allows participation in State Health Benefits Program for elected officers and employees of union representing State employees.

**Type of Impact:** None.

**Agencies Affected:** Department of the Treasury, Division of Pensions and Benefits.

**Executive Estimate**

<b>Fiscal Impact</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>State Cost</b>	No Impact-See Comments Below		
<b>State Revenue</b>	No Impact-See Comments Below		

- ! The Office of Legislative Services **concurs** with the Executive estimate.
- ! Permits certain union affiliates to purchase State Health Benefits Program (SHBP) coverage for their elected officers, employees and their dependents.
- ! Requires unions electing to participate in the SHBP to remit the premium rates or periodic charges to the program, as such rates or charges are determined for local government employees and applicable to the coverage provided.

**BILL DESCRIPTION**

Senate Bill No. 2234 of 2005 would permit union affiliates that represent State employees for collective negotiation purposes to elect participation in the SHBP and obtain coverage for their elective officers, employees and their dependents. The bill provides that each affiliate that opts to participate in SHBP will remit the premium rates or periodic charges, as determined for local government employees, applicable to the coverage provided.

## FISCAL ANALYSIS

### ***EXECUTIVE BRANCH***

The Division of Pensions and Benefits in the Department of the Treasury believes that this legislation may jeopardize the status of the SHBP as a qualified and exempt governmental plan under Title I of the federal Employee Retirement Income Security Act of 1974 if these private sector employees are permitted to participate.

As a government plan, the SHBP currently enjoys an exemption from Employee Retirement Income Security Act provisions. However, health benefits plans sponsored by private-sector employers do not. Enrollment of private sector employees into the SHBP, as proposed under the provisions of this legislation, could jeopardize the SHBP's Employee Retirement Income Security Act exemption and thereby threaten the tax-exempt status of the State.

### ***OFFICE OF LEGISLATIVE SERVICES***

The Office of Legislative Services believes that this legislation will not entail any cost to the State since the premiums and periodic charges would be paid by the affiliate electing to participate in the SHBP. This fiscal estimate assumes the United States Department of Labor confirms the continued status of the SHBP as a qualified and exempt governmental plan under the Employee Retirement Income Security Act.

Section: *State Government*

Analyst: *James F. Vari*  
*Senior Fiscal Analyst*

Approved: *David J. Rosen*  
*Legislative Budget and Finance Officer*

This fiscal note has been prepared pursuant to P.L.1980, c.67.

# ASSEMBLY, No. 3817

## STATE OF NEW JERSEY 211th LEGISLATURE

INTRODUCED FEBRUARY 14, 2005

**Sponsored by:**

**Assemblyman ALBIO SIRES**

**District 33 (Hudson)**

**Assemblyman JOSEPH R. MALONE, III**

**District 30 (Burlington, Mercer, Monmouth and Ocean)**

**Assemblywoman BONNIE WATSON COLEMAN**

**District 15 (Mercer)**

**Co-Sponsored by:**

**Assemblywoman Greenstein, Assemblymen Chivukula and Connors**

**SYNOPSIS**

Allows participation in SHBP for elected officers and employees of union representing State employees.

**CURRENT VERSION OF TEXT**

As introduced.



**(Sponsorship Updated As Of: 6/24/2005)**

1 AN ACT concerning participation in the State Health Benefits Program  
2 by certain employers and supplementing P.L.1961, c.49 (C.52:14-  
3 17.25 et seq.).  
4

5 **BE IT ENACTED** by the Senate and General Assembly of the State  
6 of New Jersey:  
7

8 1. a. Notwithstanding any provision of P.L.1961, c.49 (C.52:14-17.25  
9 et seq.) or any other law to the contrary, an affiliate of a majority  
10 representative of State employees for collective negotiation purposes, as  
11 recognized by the Public Employment Relations Commission established  
12 pursuant to P.L.1941, c.100 (C.34:13A-1 et seq.), which affiliate  
13 represents State employees, may participate in the State Health Benefits  
14 Program pursuant to P.L.1961, c.49 (C.52:14-17.25 et seq.). All  
15 provisions of P.L.1961, c.49 (C.52:14-17.25 et seq.) shall be construed  
16 as to such participating employers and their elected officers and full-time  
17 employees, and their dependents, in the same manner as for participating  
18 local government employers, their employees and the dependents of such  
19 employees.

20 As used in this section, the phrase "an affiliate of a majority  
21 representative of State employees" means a local union affiliate that has  
22 some employees who are engaged in the day-to-day representation of  
23 State employees, and shall not mean a local union affiliate's parent or  
24 international union.

25 b. The Division of Pensions and Benefits shall certify to each such  
26 affiliate of a majority representative electing participation under the  
27 program the premium rates and periodic charges as determined for local  
28 government employees applicable to the coverage provided to the  
29 affiliate's elected officers and full-time employees and their dependents.  
30 The participating affiliate shall remit to the division the premiums and  
31 periodic charges in advance of their due dates, subject to the rules and  
32 regulations of the State Health Benefits Commission.

33 c. The State Health Benefits Commission shall adopt rules and  
34 regulations within 90 days of the effective date of this act, P.L. \_\_\_\_\_,  
35 c. \_\_\_\_\_ (C. \_\_\_\_\_)(now pending before the Legislature as this bill), to  
36 implement this section and such rules and regulations shall permit an  
37 affiliate of a majority representative electing participation under the  
38 program to begin participation on or after the 120th day following the  
39 effective date of this act.  
40

41 2. This act shall take effect immediately.  
42  
43

44 STATEMENT  
45

46 This bill provides that an affiliate of a majority representative of State  
47 employees for collective negotiation purposes, which affiliate represents

1 State employees, may obtain coverage in the State Health Benefits  
2 Program (SHBP) for its elected officers and employees and their  
3 dependents.

4 As used in the bill, the phrase "an affiliate of a majority representative  
5 of State employees" means a local union affiliate that has some employees  
6 who are engaged in the day-to-day representation of State employees. It  
7 does not mean a local union affiliate's parent or international union.

8 Each affiliate electing to participate in SHBP will remit the premium  
9 rates or periodic charges to the program, as such rates or charges are  
10 determined for local government employees and applicable to the  
11 coverage provided.

ASSEMBLY LABOR COMMITTEE

STATEMENT TO

**ASSEMBLY, No. 3817**

**STATE OF NEW JERSEY**

DATED: MARCH 7, 2005

The Assembly Labor Committee reports favorably Assembly Bill No. 3817.

This bill provides that an affiliate of a majority representative of State employees for collective negotiation purposes may obtain coverage in the State Health Benefits Program (SHBP) for its elected officers and full-time employees, and their dependents.

As used in the bill, the phrase "an affiliate of a majority representative of State employees" means a local union affiliate that has some employees who are engaged in the day-to-day representation of State employees, but does not mean a local union affiliate's parent or international union.

Each affiliate electing to participate in the SHBP is required to remit the premium rates or periodic charges to the program, as such rates or charges are determined by the Division of Pensions and Benefits for local government employees and applicable to the coverage provided.

**STATEMENT TO**  
**ASSEMBLY, No. 3817**

with Assembly Floor Amendments  
(Proposed By Assemblymen SIRES and MALONE)

ADOPTED: JUNE 23, 2005

These Assembly amendments: 1) provide that the total number of private sector employees who participate under the provisions of the bill will not be permitted to exceed a de minimis percentage of the total number of employees participating in SHBP; 2) require that on the effective date of the bill the Division of Pensions and Benefits in the Department of the Treasury must seek a letter from the federal Department of Labor confirming the status of the State Health Benefits Program as a qualified and exempt governmental plan under Title I of the federal Employee Retirement Income Security Act of 1974 (ERISA); and 3) provide that in the event the division receives a letter from the federal Department of Labor stating that it has determined that the law as embodied in this bill changes the status of the State Health Benefits Program so that it is no longer a qualified and exempt governmental plan under Title I of ERISA, the law would be void and expire immediately and no employees of an affiliate of a majority representative of State employees for collective negotiation purposes would be permitted to enroll or continue to participate in the State Health Benefits Program.

**FISCAL NOTE**  
**ASSEMBLY, No. 3817**  
**STATE OF NEW JERSEY**  
**211th LEGISLATURE**

DATED: JULY 8, 2005

**SUMMARY**

**Synopsis:** Allows participation in the State Health Benefits Program for elected officers and employees of union representing State employees.

**Type of Impact:** No Impact.

**Agencies Affected:** Department of the Treasury, Division of Pensions and Benefits.

**Executive Estimate**

<b>Fiscal Impact</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>State Cost</b>	No Impact-See Comments Below		
<b>State Revenue</b>	No Impact-See Comments Below		

- ! The Office of Legislative Services **concurs** with the Executive estimate.
- ! Permits certain union affiliates to purchase State Health Benefits Program (SHBP) coverage for their elected officers, employees and their dependents.
- ! Requires unions electing to participate in the SHBP to remit the premium rates or periodic charges to the program, as such rates or charges are determined for local government employees and applicable to the coverage provided.

**BILL DESCRIPTION**

Assembly Bill No. 3817 of 2005 would permit union affiliates that represent State employees for collective negotiation purposes to elect participation in the SHBP and obtain coverage for their elective officers, employees and their dependents. The bill provides that each affiliate that opts to participate in SHBP will remit the premium rates or periodic charges, as determined for local government employees, applicable to the coverage provided.



## FISCAL ANALYSIS

### *EXECUTIVE BRANCH*

The Division of Pensions and Benefits in the Department of the Treasury believes that this legislation may jeopardize the status of the SHBP as a qualified and exempt governmental plan under Title I of the federal Employee Retirement Income Security Act of 1974 if these private sector employees are permitted to participate.

As a government plan, the SHBP currently enjoys an exemption from the Employee Retirement Income Security Act provisions. However, health benefits plans sponsored by private-sector employers do not. Enrollment of private sector employees into the SHBP, as proposed under the provisions of this legislation, could jeopardize the SHBP's Employee Retirement Income Security Act exemption and thereby threaten the tax-exempt status of the State.

### *OFFICE OF LEGISLATIVE SERVICES*

The Office of Legislative Services believes that this legislation will not entail any cost to the State since the premiums and periodic charges would be paid by the affiliate electing to participate in the SHBP. This fiscal estimate assumes the United States Department of Labor confirms the continued status of the SHBP as a qualified and exempt governmental plan under the Employee Retirement Income Security Act.

Section: *State Government*

Analyst: *James F. Vari*  
*Senior Fiscal Analyst*

Approved: *David J. Rosen*  
*Legislative Budget and Finance Officer*

This fiscal note has been prepared pursuant to P.L.1980, c.67.

**FISCAL NOTE**  
[First Reprint]  
**ASSEMBLY, No. 3817**  
**STATE OF NEW JERSEY**  
**211th LEGISLATURE**

DATED: JULY 19, 2005

**SUMMARY**

**Synopsis:** Allows participation in State Health Benefits Program for elected officers and employees of union representing State employees.

**Type of Impact:** No Impact.

**Agencies Affected:** Department of the Treasury, Division of Pensions and Benefits.

**Executive Estimate**

<b>Fiscal Impact</b>	<b><u>FY 2006</u></b>	<b><u>FY 2007</u></b>	<b><u>FY 2008</u></b>
<b>State Cost</b>	No Impact-See Comments Below		
<b>State Revenue</b>	No Impact-See Comments Below		

- ! The Office of Legislative Services **concurs** with the Executive estimate.
- ! Permits certain union affiliates to purchase State Health Benefits Program (SHBP) coverage for their elected officers, employees and their dependents.
- ! Requires unions electing to participate in the SHBP to remit the premium rates or periodic charges to the program, as such rates or charges are determined for local government employees and applicable to the coverage provided.

**BILL DESCRIPTION**

Assembly Bill No. 3817 (1R) of 2005 would permit union affiliates that represent State employees for collective negotiation purposes to elect participation in the State Health Benefits Program (SHBP) and obtain coverage for their elective officers, employees and their dependents. The bill provides that each affiliate that opts to participate in SHBP will remit the premium rates or periodic charges, as determined for local government employees, applicable to the coverage provided.

As amended, the bill provides that the total number of private sector employees who participate under the provisions of the legislation will not be permitted to exceed a de minimis percentage of the total number of employees participating in the SHBP. The amendments also

make the provisions of this bill void, with such provisions expiring immediately and no union affiliate employees would be permitted to enroll or continue to participate in the SHBP should the federal Department of Labor determine that this bill changes the status of the SHBP so that it is no longer a qualified and exempt government plan under Title I of the Employee Retirement Income Security Act of 1974.

## **FISCAL ANALYSIS**

### ***EXECUTIVE BRANCH***

The Division of Pensions and Benefits in the Department of the Treasury believes that this legislation may jeopardize the status of the SHBP as a qualified and exempt governmental plan under Title I of the federal Employee Retirement Income Security Act of 1974 if these private sector employees are permitted to participate.

As a government plan, the SHBP currently enjoys an exemption from Employee Retirement Income Security Act's provisions. However, health benefits plans sponsored by private-sector employers do not. Enrollment of private sector employees into the SHBP, as proposed under the provisions of this legislation, could jeopardize the SHBP's Employee Retirement Income Security Act exemption and thereby threaten the tax-exempt status of the State.

### ***OFFICE OF LEGISLATIVE SERVICES***

The OLS believes that this legislation will not entail any cost to the State since the premiums and periodic charges would be paid by the affiliate electing to participate in the SHBP. This fiscal note assumes the United States Department of Labor confirms the continued status of the SHBP as a qualified and exempt governmental plan under the Employee Retirement Income Security Act.

Section: *State Government*

Analyst: *James F. Vari*  
*Senior Fiscal Analyst*

Approved: *David J. Rosen*  
*Legislative Budget and Finance Officer*

This fiscal note has been prepared pursuant to P.L.1980, c.67.