COMMITTEE REPORT

May 2, 2019

**H. 3984**

Introduced by Reps. Bannister and Elliott

S. Printed 5/2/19--H.

Read the first time February 14, 2019.

**THE COMMITTEE ON WAYS AND MEANS**

To whom was referred a Bill (H. 3984) to amend Sections 9‑1‑1085 and 9‑11‑225, Code of Laws of South Carolina, 1976, both relating to employer and employee contribution rates under, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass:

GILDA COBB-HUNTER for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

**Explanation of Fiscal Impact**

**Introduced on February 14, 2019**

**State Expenditure**

This bill allows an employer participating in the South Carolina Retirement System or the Police Officers Retirement System to elect to increase its employer contribution rate by a percentage no greater than the employee contribution rate for the fiscal year. This election must be made by July first of the fiscal year and cannot be changed during the year. The employee contribution rate for employees must be reduced by the same percentage that employer contributions were increased.

PEBA indicates that the bill charges the agency with additional accounting responsibilities, which may require additional programing expenses that can be managed with existing appropriations and allocations. Therefore, this bill will have no expenditure impact on the general fund, other funds, or federal funds of PEBA. However, PEBA indicates that the effective date of this legislation may not provide sufficient time to modify their existing computer system to implement and properly account for the modified remittance of the employer and employee contributions.

Additionally, Revenue and Fiscal Affairs anticipates no financial or actuarial impact on the retirement systems since the total amount of employer and employee contributions remitted to the retirement systems will remain the same as under current statutes.

Lastly, any increase in employer contributions by employers in the retirement systems electing to increase their contributions to pay employee contributions is undetermined given the permissive nature of this legislation.

Frank A. Rainwater, Executive Director

Revenue and Fiscal Affairs Office

**A** **BILL**

TO AMEND SECTIONS 9‑1‑1085 AND 9‑11‑225, CODE OF LAWS OF SOUTH CAROLINA, 1976, BOTH RELATING TO EMPLOYER AND EMPLOYEE CONTRIBUTION RATES UNDER THE SOUTH CAROLINA RETIREMENT SYSTEM AND THE POLICE OFFICERS RETIREMENT SYSTEM RESPECTIVELY, SO AS TO PROVIDE THAT AN EMPLOYER, UP TO CERTAIN LIMITS, MAY ELECT TO PAY ALL OR A PORTION OF REQUIRED EMPLOYEE CONTRIBUTIONS DURING A FISCAL YEAR.

Be it enacted by the General Assembly of the State of South Carolina:

SECTION 1. Section 9‑1‑1085 of the 1976 Code is amended by adding a new subsection (E) to read:

“(E) Notwithstanding the employer and employee contribution rates set out in this section, no later than July first, an employer may notify the system of its election to increase its employer contribution rate for the fiscal year beginning that July first by a percentage of earnable compensation no greater than the employee contribution rate for the fiscal year. The employer election under this subsection may not be changed during the fiscal year. The employee contribution rate for employees of an employer electing to increase its employer contribution rate under this subsection must be reduced by the additional percentage of earnable compensation paid by the employer pursuant to this subsection. Additional contributions remitted by an employer under this subsection must be treated as employer contributions.”

SECTION 2. Section 9‑11‑225 of the 1976 Code is amended by adding a new subsection (E) to read:

“(E) Notwithstanding the employer and employee contribution rates set out in this section, no later than July first, an employer may notify the system of its election to increase its employer contribution rate for the fiscal year beginning that July first by a percentage of earnable compensation no greater than the employee contribution rate for the fiscal year. The employer election under this subsection may not be changed during the fiscal year. The employee contribution rate for employees of an employer electing to increase its employer contribution under this subsection must be reduced by the additional percentage of earnable compensation paid by the employer pursuant to this subsection. Additional contributions remitted by an employer under this subsection must be treated as employer contributions.”

SECTION 3. This act takes effect upon approval by the Governor.

‑‑‑‑XX‑‑‑‑