

REPORT OF THE GENERAL GOVERNMENT SUBCOMMITTEE

(Cobb-Hunter, Hayes, Herbkersman, Gagnon, & Moss – Staff Contact: Ryan Tooley)

HOUSE BILL 5230

H. 5230 -- Rep. Wooten: TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION 9-8-10, RELATING TO DEFINITIONS PERTAINING TO THE RETIREMENT SYSTEM FOR JUDGES AND SOLICITORS, SO AS TO INCLUDE THE ATTORNEY GENERAL OF THIS STATE IN THE DEFINITION OF "SOLICITOR" AND TO MAKE THE NECESSARY PROVISIONS FOR THE ATTORNEY GENERAL TO BECOME A MEMBER OF THE SYSTEM; AND BY AMENDING SECTION 9-8-40, RELATING TO MEMBERSHIP IN THE SYSTEM, SO AS TO ALLOW THE ATTORNEY GENERAL SERVING ON JULY 1, 2024, TO ELECT TO BECOME A MEMBER.

Received by Ways and Means: 3/7/2024

Summary of Bill:

The General Government subcommittee reported favorably. This bill would allow the SC Attorney General to elect to become a member of the Judges and Solicitors Retirement System (JSRS). It also adds the SC Attorney General to the definition of "solicitors" in the JSRS code section.

Estimated Revenue Impact:

This bill will result in an increase in General Fund expenditures totaling approximately \$95,000 beginning in FY24-25 for the Attorney General's Office to cover the increased employer contribution between systems. Further, based on the actuarial report by PEBA, this bill will result in an increase in the unfunded liability of \$1,142,000 within JSRS. The actuarial report recommends the General Assembly fund this increase due to the relatively low funded ratio of 46.4 percent that would decrease to 46.3 percent under this bill.

Other Notes/Comments:

N/A



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number:	H. 5230	Introduced on March 6, 2024
Author:	Wooten	
Subject:	Retirement System for Judges and Solicitors	
Requestor:	House Ways and Means	
RFA Analyst(s):	Miller	
Impact Date:	March 25, 2024	

Fiscal Impact Summary

This bill defines the Attorney General (AG) as a solicitor of the state and specifies that the AG may elect to become a member of the Judges and Solicitors Retirement System (JSRS). Additionally, for purposes of calculating a retirement or other benefits, the salary used is the higher of the salary provided by law for the AG or a circuit solicitor.

This bill will result in a General Fund expenditure increase for the Attorney General's Office by approximately \$95,000 beginning in FY 2024-25 for the increase in employer contribution to JSRS. Additionally, the one-time cost to offset the unfunded liability resulting from this bill is estimated to be approximately \$1,142,000 in FY 2024-25. The actuarial report recommends that the General Assembly fund this increase due to the relatively low funded ratio of the system of 46.4 percent that will decrease to 46.3 percent if the change is not funded.

Explanation of Fiscal Impact

Introduced on March 6, 2024

State Expenditure

This bill defines the AG as a solicitor of the state and specifies that the AG may elect to become a member of JSRS. Additionally, for purposes of calculating retirement or other benefits, the AG's salary is the higher of the salary provided by law for the AG or a circuit solicitor. Currently, the AG is a member of the SC Retirement System (SCRS) as established under Section 9-1-20. This bill allows the AG to transition from SCRS to JSRS. For purposes of this analysis, the actuarial report anticipates the AG will choose to become a member of JSRS and transfer prior years of service to JSRS. Section 9-8-50(B) allows members in JSRS who have earned service in SCRS, the Police Officers Retirement System (PORS), or the General Assembly Retirement System (GARS) to transfer that service to JSRS by making a payment to JSRS equal to the current required member contribution for each year of serviced transferred. Currently the member contribution requirement is 10 percent of pay for each year of service. However, the increase in the value of the member's benefit, or actuarial cost, in JSRS is three to five times greater than the member's contribution requirement to transfer service from the other system.

The calculations to determine the AG’s retirement benefits under this bill are based on a solicitor’s salary, which is \$212,787, rather than the AG’s salary of \$208,000. The following estimates are based on the assumption of 28 years of service credited and may vary depending on actual service.

Comparison of Retirement Benefits for the AG					
SCRS Salary Base \$208,000		JSRS Salary Base \$212,787		Increase	
Employee Contribution	Employer Contribution	Employee Contribution	Employer Contribution	Employee Increase	Employer Increase
9.00%	18.56%	10.00%	62.94%	1.00%	44.38%
\$19,000	\$39,000	\$21,000	\$134,000	\$2,000	\$95,000

This bill will result in an increase in General Fund expenditures totaling approximately \$95,000 beginning in FY 2024-25 for the Attorney General’s Office to cover the difference in the employer contribution to the different retirement funds.

Additionally, the AG will also have to increase employee contributions by \$2,000. However, this will have no expenditure impact on the agency. The change will result in an increase of annual retirement benefits for the AG of \$68,000.

Further, based on the actuarial report provided by PEBA, this bill will result in an increase in the unfunded liability of \$1,142,000. The actuarial report recommends that the General Assembly fund this increase in unfunded liability due to the relatively low funded ratio of 46.4 percent that will decrease to 46.3 percent under this bill. If the General Assembly chooses to fund the increase, this bill will result in an additional one-time expenditure increase of \$1,142,000 in FY 2024-25.

State Revenue

N/A

Local Expenditure

N/A

Local Revenue

N/A

Frank A. Rainwater, Executive Director

South Carolina General Assembly
125th Session, 2023-2024

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Indicates New Matter

H. 5230

STATUS INFORMATION

General Bill

Sponsors: Rep. Wooten

Document Path: LC-0546SA24.docx

Introduced in the House on March 6, 2024

Ways and Means

Summary: Retirement System for Judges and Solicitors

HISTORY OF LEGISLATIVE ACTIONS

Date	Body	Action Description with journal page number
3/6/2024	House	Introduced and read first time (House Journal-page 21)
3/6/2024	House	Referred to Committee on Ways and Means (House Journal-page 21)

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VERSIONS OF THIS BILL

[03/06/2024](#)

A BILL

TO AMEND THE SOUTH CAROLINA CODE OF LAWS BY AMENDING SECTION [9-8-10](#), RELATING TO DEFINITIONS PERTAINING TO THE RETIREMENT SYSTEM FOR

JUDGES AND SOLICITORS, SO AS TO INCLUDE THE ATTORNEY GENERAL OF THIS STATE IN THE DEFINITION OF "SOLICITOR" AND TO MAKE THE NECESSARY PROVISIONS FOR THE ATTORNEY GENERAL TO BECOME A MEMBER OF THE SYSTEM; AND BY AMENDING SECTION 9-8-40, RELATING TO MEMBERSHIP IN THE SYSTEM, SO AS TO ALLOW THE ATTORNEY GENERAL SERVING ON JULY 1, 2024, TO ELECT TO BECOME A MEMBER.

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

SECTION 1. Section 9-8-10(17) of the S.C. Code is amended to read:

(17) "Solicitor" means the person holding office as described under Section 1-7-310 of the 1976 S.C. Code. Subject to the provisions of Section 9-8-40, "solicitor" also means the Attorney General of this State as the chief prosecuting officer of the State. For all purposes of this chapter including, but not limited to, employer and employee contributions, calculation of a retirement or other benefits, and adjustment of benefits paid to a retiree or beneficiary, wherever mention is made of the salary of a circuit solicitor, in the case of the Attorney General of this State, the salary referred to is the higher of the salary provided by law for the Attorney General of this State or a circuit solicitor of this State.

SECTION 2. Section 9-8-40(1) of the S.C. Code is amended to read:

(1) All persons who are judges or solicitors on July 1, 1979, and who have not attained age seventy-two shall become members of the system as of that date.

(a) All administrative law judges on July 1, 2014, who have not retired may elect to become a member of the system. Administrative law judges making that election may transfer prior service into the system as provided in Section 9-8-50, and to the extent the service thus transferred occurred after the member took office as an administrative law judge, that service is deemed earned service in the system.

(b) The Attorney General of this State on July 1, 2024, may elect to become a member of the system. If the Attorney General makes that election, he may transfer prior service into the system as provided in Section 9-8-50, and to the extent the service thus transferred occurred after he took office as the Attorney General of this State, that service is deemed earned service in the system.

(c) All other persons become members of the system on taking office as judge, solicitor, or circuit public defender before attaining age seventy-two.

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

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