

## **REPORT OF THE GENERAL GOVERNMENT SUBCOMMITTEE**

(Cobb-Hunter, Hayes, Bannister, Moss, Willis - Staff Contact: Sarah Hearn)

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### **HOUSE BILL 3106**

H. 3106 -- Reps. Bannister and G.R. Smith: 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.

***Received by Ways and Means:*** 1/12/2021

***Summary of Bill:*** This bill gives employers participating in the state's retirement system and the Police Officer Retirement System the ability to notify their respective system of its decision to increase its employer contribution rate for the upcoming fiscal year no later than July first. Bill provides that the decision cannot be changed mid-fiscal year, and that the employee contribution rate must be reduced by the amount the employer elects to pay.

***Estimated Revenue Impact:*** N/A

***Other Notes/Comments:*** Strike-and-insert amendment adopted in subcommittee. Amendment was drafted at PEBA's request and replaces the original language with language from H. 3894, an identical bill introduced last session that PEBA prefers. Received Favorable Report as Amended in subcommittee on 2/24/21.

HOUSE  
AMENDMENT

THIS AMENDMENT  
ADOPTED

ALLEN/DOWNEY  
FEBRUARY 24, 2021

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CLERK OF THE HOUSE

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THE GENERAL GOVERNMENT LEGISLATIVE SUBCOMMITTEE  
PROPOSES THE FOLLOWING AMENDMENT No. TO H. 3106  
(COUNCIL\SA\3106C002.NBD.SA21):

REFERENCE IS TO THE BILL AS INTRODUCED.

**AMEND THE BILL, AS AND IF AMENDED, BY  
STRIKING ALL AFTER THE ENACTING WORDS AND  
INSERTING:**

**/ SECTION 1. A. SECTION 9-1-1085 OF THE  
1976 CODE IS AMENDED BY ADDING A NEW  
SUBSECTION (E) AT THE END TO READ:**

**“(E) IN LIEU OF THE DEDUCTIONS FROM  
COMPENSATION REQUIRED BY SECTIONS 9-1-1020  
AND 9-1-1160, AN EMPLOYER MAY ELECT, NO**

**LATER THAN JULY FIRST, TO PICK UP ALL OR A PORTION OF THE EMPLOYEE CONTRIBUTIONS REQUIRED BY THIS SECTION FOR THE FOLLOWING FISCAL YEAR WITHOUT A REDUCTION OR OFFSET FROM ITS EMPLOYEES' COMPENSATION. EMPLOYEE CONTRIBUTIONS PICKED UP WITHOUT SUCH REDUCTION OR OFFSET FROM THE EMPLOYEE'S COMPENSATION MUST BE TREATED AS EMPLOYER CONTRIBUTIONS IN DETERMINING FEDERAL TAX TREATMENT UNDER SECTION 414(H)(2) OF THE UNITED STATES INTERNAL REVENUE CODE, BUT MUST BE CREDITED AS EMPLOYEE CONTRIBUTIONS FOR THE PURPOSES OF THE SYSTEM. AN EMPLOYER MAKING THE ELECTION PROVIDED BY THIS SUBSECTION IS CONSIDERED TO HAVE TAKEN FORMAL ACTION TO PROVIDE THAT THE CONTRIBUTIONS ON BEHALF OF ITS EMPLOYEES, ALTHOUGH DESIGNATED AS EMPLOYEE CONTRIBUTIONS, MUST BE PAID BY THE EMPLOYER IN LIEU OF EMPLOYEE CONTRIBUTIONS. THE EMPLOYER SHALL PAY THESE EMPLOYEE CONTRIBUTIONS FROM THE**

**SAME SOURCE OF FUNDS WHICH IS USED IN PAYING EARNINGS TO THE EMPLOYEE. THE EMPLOYEE, HOWEVER, MAY NOT BE GIVEN ANY OPTION OF CHOOSING TO RECEIVE THE CONTRIBUTED AMOUNT OF THE PICK UPS DIRECTLY INSTEAD OF HAVING THEM PAID BY THE EMPLOYER TO THE RETIREMENT SYSTEM. AN EMPLOYER'S ELECTION TO PICK UP CONTRIBUTIONS WITHOUT A REDUCTION OR OFFSET FROM ITS EMPLOYEES' COMPENSATION PURSUANT TO THIS SUBSECTION MAY NOT BE CHANGED DURING THE FISCAL YEAR, BUT MAY BE CHANGED FOR FUTURE FISCAL YEARS."**

**B. SECTION 9-11-225 OF THE 1976 CODE IS AMENDED BY ADDING A NEW SUBSECTION (E) AT THE END TO READ:**

**"(E) IN LIEU OF THE DEDUCTIONS FROM COMPENSATION REQUIRED BY SECTION 9-11-210, AN EMPLOYER MAY ELECT, NO LATER THAN JULY FIRST, TO PICK UP ALL OR A PORTION OF THE EMPLOYEE CONTRIBUTIONS REQUIRED BY THIS SECTION FOR THE FOLLOWING FISCAL YEAR WITHOUT A REDUCTION OR OFFSET FROM ITS EMPLOYEES' COMPENSATION. EMPLOYEE CONTRIBUTIONS PICKED UP WITHOUT**

**SUCH REDUCTION OR OFFSET FROM THE EMPLOYEE'S COMPENSATION MUST BE TREATED AS EMPLOYER CONTRIBUTIONS IN DETERMINING FEDERAL TAX TREATMENT UNDER SECTION 414(H)(2) OF THE UNITED STATES INTERNAL REVENUE CODE, BUT MUST BE CREDITED AS EMPLOYEE CONTRIBUTIONS FOR THE PURPOSES OF THE SYSTEM. AN EMPLOYER MAKING THE ELECTION PROVIDED BY THIS SUBSECTION IS CONSIDERED TO HAVE TAKEN FORMAL ACTION TO PROVIDE THAT THE CONTRIBUTIONS ON BEHALF OF ITS EMPLOYEES, ALTHOUGH DESIGNATED AS EMPLOYEE CONTRIBUTIONS, MUST BE PAID BY THE EMPLOYER IN LIEU OF EMPLOYEE CONTRIBUTIONS. THE EMPLOYER SHALL PAY THESE EMPLOYEE CONTRIBUTIONS FROM THE SAME SOURCE OF FUNDS WHICH IS USED IN PAYING EARNINGS TO THE EMPLOYEE. THE EMPLOYEE, HOWEVER, MAY NOT BE GIVEN ANY OPTION OF CHOOSING TO RECEIVE THE CONTRIBUTED AMOUNT OF THE PICK UPS DIRECTLY INSTEAD OF HAVING THEM PAID BY THE EMPLOYER TO THE RETIREMENT SYSTEM. AN EMPLOYER'S ELECTION TO PICK UP CONTRIBUTIONS WITHOUT A REDUCTION OR OFFSET FROM ITS EMPLOYEES' COMPENSATION PURSUANT TO THIS SUBSECTION MAY NOT BE CHANGED DURING THE FISCAL YEAR, BUT MAY BE CHANGED FOR FUTURE FISCAL YEARS."**

**SECTION 2. A. SECTION 9-1-10(8) OF THE 1976 CODE IS AMENDED BY ADDING AN APPROPRIATELY LETTERED SUBITEM AT THE END TO READ:**

**"( ) EMPLOYEE CONTRIBUTIONS PICKED UP BY AN EMPLOYER PURSUANT TO SECTION 9-1-1085(E) WITHOUT A REDUCTION OR OFFSET FROM THE MEMBER'S COMPENSATION ARE NOT EARNABLE COMPENSATION FOR THE PURPOSES OF THE SYSTEM."**

**B. SECTION 9-11-10(12) OF THE 1976 CODE IS AMENDED TO READ:**

**“(12) ‘COMPENSATION’ MEANS THE TOTAL REMUNERATION PAID TO A POLICE OFFICER FOR SERVICE RENDERED TO AN EMPLOYER FOR HIS FULL NORMAL WORKING TIME; WHEN COMPENSATION INCLUDES MAINTENANCE, FEES AND OTHER THINGS OF VALUE, THE BOARD SHALL FIX THE VALUE OF THAT PART OF THE COMPENSATION NOT PAID IN MONEY DIRECTLY BY THE EMPLOYER. EMPLOYEE CONTRIBUTIONS PICKED UP BY AN EMPLOYER PURSUANT TO SECTION 9-11-225(E) WITHOUT A REDUCTION OR OFFSET FROM THE MEMBER’S COMPENSATION ARE NOT COMPENSATION FOR THE PURPOSES OF THE SYSTEM.”**

**SECTION 3. A. SECTION 9-1-10(1) OF THE 1976 CODE IS AMENDED TO READ:**

**“(1)‘ACCUMULATED CONTRIBUTION’ MEANS THE SUM OF ALL THE AMOUNTS EITHER DEDUCTED FROM THE COMPENSATION OF A MEMBER OR PAID BY THE EMPLOYER IN LIEU OF EMPLOYEE CONTRIBUTIONS PURSUANT TO SECTION 9-1-1085(E) AND CREDITED TO THE MEMBERS MEMBER’S INDIVIDUAL ACCOUNT IN THE EMPLOYEE ANNUITY SAVINGS FUND, TOGETHER WITH REGULAR INTEREST ON THE ACCOUNT, AS PROVIDED IN ARTICLE 9 OF THIS CHAPTER.”**

**B. SECTION 9-11-10(2) AND (6) OF THE 1976 CODE IS AMENDED TO READ:**

**“(2)‘ACCUMULATED CONTRIBUTIONS’ MEANS THE SUM OF ALL THE AMOUNTS EITHER DEDUCTED FROM THE COMPENSATION OF A MEMBER OR PAID BY THE EMPLOYER IN LIEU OF EMPLOYEE CONTRIBUTIONS PURSUANT TO SECTION 9-11-225(E), AND CREDITED TO THE MEMBER’S INDIVIDUAL ACCOUNT IN THE EMPLOYEE ANNUITY SAVINGS FUND, TOGETHER WITH REGULAR INTEREST ON THE ACCOUNT, AS PROVIDED IN THIS CHAPTER.**

**(6) ‘AGGREGATE CONTRIBUTIONS’ MEANS THE SUM OF ALL THE AMOUNTS EITHER DEDUCTED FROM THE COMPENSATION OF A MEMBER OR PAID BY THE EMPLOYER IN LIEU OF EMPLOYEE CONTRIBUTIONS PURSUANT TO SECTION 9-11-225(E), AND CREDITED TO THE MEMBER’S INDIVIDUAL ACCOUNT IN THE SYSTEM, INCLUDING ANY AMOUNTS TRANSFERRED FROM ANOTHER FUND TO THE SYSTEM AS PROVIDED IN SECTION 9-11-210(6).’**

**C. SECTION 9-11-260(2) OF THE 1976 CODE IS AMENDED TO READ:**

**“(2)THE MEMBERS’ ACCOUNT SHALL BE THE ACCOUNT IN WHICH SHALL BE HELD THE CONTRIBUTIONS DEDUCTED FROM THE COMPENSATION OF MEMBERS AND AMOUNTS PAID BY THE EMPLOYER IN LIEU OF EMPLOYEE CONTRIBUTIONS PURSUANT TO SECTION 9-11-225(E), TOGETHER WITH THE INTEREST CREDITED THEREON. UPON THE RETIREMENT OF A MEMBER, OR UPON THE DEATH OF A MEMBER IF AN ALLOWANCE IS PAYABLE TO HIS BENEFICIARY PURSUANT TO SECTION 9-11-130, THE AMOUNT OF HIS ACCUMULATED CONTRIBUTIONS SHALL BE TRANSFERRED TO THE ACCUMULATION ACCOUNT.”**

**SECTION 4. A. THE FOURTH UNDESIGNATED PARAGRAPH OF SECTION 9-1-1020 IS AMENDED TO READ:**

**“~~EACH DEPARTMENT AND POLITICAL SUBDIVISION~~ EMPLOYER SHALL PICK UP THE EMPLOYEE CONTRIBUTIONS REQUIRED BY THIS SECTION FOR ALL COMPENSATION PAID ON OR AFTER JULY 1, 1982, AND THE CONTRIBUTIONS SO PICKED UP SHALL BE TREATED AS EMPLOYER CONTRIBUTIONS IN DETERMINING FEDERAL TAX TREATMENT UNDER SECTION 414(H)(2) OF THE UNITED STATES INTERNAL REVENUE CODE. FOR THIS PURPOSE, ~~EACH DEPARTMENT AND POLITICAL SUBDIVISION~~ EMPLOYER IS DEEMED TO HAVE TAKEN FORMAL ACTION ON OR BEFORE**

JANUARY 1, 2009, TO PROVIDE THAT THE CONTRIBUTIONS ON BEHALF OF ITS EMPLOYEES, ALTHOUGH DESIGNATED AS ~~EMPLOYER~~ EMPLOYEE CONTRIBUTIONS, SHALL BE PAID BY THE EMPLOYER IN LIEU OF EMPLOYEE CONTRIBUTIONS. ~~THE DEPARTMENT AND POLITICAL SUBDIVISION~~ EMPLOYER SHALL PAY THESE EMPLOYEE CONTRIBUTIONS FROM THE SAME SOURCE OF FUNDS WHICH IS USED IN PAYING EARNINGS TO THE EMPLOYEE. ~~THE DEPARTMENT AND POLITICAL SUBDIVISION~~ EMPLOYER MAY PICK UP THESE CONTRIBUTIONS BY A REDUCTION IN THE ~~CASH SALARY OF THE EMPLOYEE~~ COMPENSATION OR, IF THE EMPLOYER MAKES AN ELECTION AUTHORIZED PURSUANT TO SECTION 9-1-1085(E), IT MAY PAY THE AMOUNT DESIGNATED AS AN EMPLOYEE CONTRIBUTION WITHOUT A REDUCTION OR OFFSET FROM THE EMPLOYEE'S COMPENSATION."

B. SECTION 9-1-1160(B) OF THE 1976 CODE IS AMENDED TO READ:

"(B) EACH DEPARTMENT AND POLITICAL SUBDIVISION EMPLOYER SHALL PICK UP THE EMPLOYEE CONTRIBUTIONS REQUIRED BY THIS SECTION FOR ALL COMPENSATION PAID ON OR AFTER JULY 1, 1982, AND THE CONTRIBUTIONS PICKED UP MUST BE TREATED AS EMPLOYER CONTRIBUTIONS IN DETERMINING FEDERAL TAX TREATMENT UNDER SECTION 414(H)(2) OF THE UNITED STATES INTERNAL REVENUE CODE. EACH DEPARTMENT AND POLITICAL SUBDIVISION SHALL CONTINUE TO WITHHOLD FEDERAL INCOME TAXES BASED UPON THESE CONTRIBUTIONS UNTIL THE INTERNAL REVENUE SERVICE, OR THE FEDERAL COURTS, RULE, PURSUANT TO SECTION 414(H) OF THE UNITED STATES INTERNAL REVENUE CODE, THAT THESE CONTRIBUTIONS ARE NOT INCLUDED AS GROSS INCOME OF THE EMPLOYEE UNTIL SUCH TIME AS THEY ARE DISTRIBUTED OR MADE AVAILABLE. FOR THIS PURPOSE, EACH EMPLOYER IS CONSIDERED TO HAVE TAKEN FORMAL ACTION TO PROVIDE THAT THE CONTRIBUTIONS ON BEHALF OF ITS EMPLOYEES, ALTHOUGH DESIGNATED AS EMPLOYEE CONTRIBUTIONS, MUST BE PAID



BY THE EMPLOYER IN LIEU OF EMPLOYEE CONTRIBUTIONS. THE  
DEPARTMENT AND POLITICAL SUBDIVISION EMPLOYER SHALL PAY  
THESE EMPLOYEE CONTRIBUTIONS FROM THE SAME SOURCE OF FUNDS  
WHICH IS USED IN PAYING EARNINGS TO THE EMPLOYEE. THE  
DEPARTMENT AND POLITICAL SUBDIVISION EMPLOYER MAY PICK UP  
THESE CONTRIBUTIONS BY A REDUCTION IN THE ~~CASH~~ SALARY  
COMPENSATION OF THE EMPLOYEE OR, IF THE EMPLOYER MAKES AN  
ELECTION AUTHORIZED PURSUANT TO SECTION 9-1-1085(E), IT MAY PAY  
THE AMOUNT DESIGNATED AS AN EMPLOYEE CONTRIBUTION WITHOUT A  
REDUCTION OR OFFSET FROM THE EMPLOYEE'S COMPENSATION.  
EMPLOYEE CONTRIBUTIONS PICKED UP MUST BE ~~TREATED~~  
ADMINISTERED FOR ALL PURPOSES OF THIS SECTION IN THE SAME  
MANNER AND TO THE EXTENT AS EMPLOYEE CONTRIBUTIONS MADE  
BEFORE THE DATE PICKED UP.”

C. SECTION 9-11-210(11) OF THE 1976 CODE IS AMENDED TO READ:

“(11) EACH ~~DEPARTMENT AND POLITICAL SUBDIVISION~~  
EMPLOYER SHALL PICK UP THE EMPLOYEE CONTRIBUTIONS REQUIRED  
BY THIS SECTION FOR ALL COMPENSATION PAID ON OR AFTER JULY 1,  
1982, AND THE CONTRIBUTIONS SO PICKED UP SHALL BE TREATED AS  
EMPLOYER CONTRIBUTIONS IN DETERMINING FEDERAL TAX TREATMENT  
UNDER SECTION 414(H)(2) OF THE UNITED STATES INTERNAL REVENUE  
CODE. FOR THIS PURPOSE, EACH ~~DEPARTMENT AND POLITICAL~~  
~~SUBDIVISION~~ EMPLOYER IS DEEMED TO HAVE TAKEN FORMAL ACTION  
ON OR BEFORE JANUARY 1, 2009, TO PROVIDE THAT THE CONTRIBUTIONS  
ON BEHALF OF ITS EMPLOYEES, ALTHOUGH DESIGNATED AS EMPLOYER  
CONTRIBUTIONS, SHALL BE PAID BY THE EMPLOYER IN LIEU OF  
EMPLOYEE CONTRIBUTIONS. THE ~~DEPARTMENT AND POLITICAL~~  
~~SUBDIVISION~~ EMPLOYER SHALL PAY THESE EMPLOYEE CONTRIBUTIONS  
FROM THE SAME SOURCE OF FUNDS WHICH IS USED IN PAYING EARNINGS  
TO THE EMPLOYEE. THE ~~DEPARTMENT AND POLITICAL SUBDIVISION~~

**EMPLOYER MAY PICK UP THESE CONTRIBUTIONS BY A REDUCTION IN THE CASH SALARY COMPENSATION OF THE EMPLOYEE OR, IF THE EMPLOYER MAKES AN ELECTION AUTHORIZED PURSUANT TO SECTION 9-11-225(E), IT MAY PAY THE AMOUNT DESIGNATED AS AN EMPLOYEE CONTRIBUTION WITHOUT A REDUCTION OR OFFSET FROM THE EMPLOYEE'S COMPENSATION. THE EMPLOYEE, HOWEVER, MUST NOT BE GIVEN THE ANY OPTION OF CHOOSING TO RECEIVE THE CONTRIBUTED AMOUNT OF THE PICKUPS DIRECTLY INSTEAD OF HAVING THEM PAID BY THE EMPLOYER TO THE RETIREMENT SYSTEM. EMPLOYEE CONTRIBUTIONS PICKED UP SHALL BE ~~TREATED~~ ADMINISTERED FOR ALL PURPOSES OF THIS SECTION IN THE SAME MANNER AND TO THE EXTENT AS EMPLOYEE CONTRIBUTIONS MADE PRIOR TO THE DATE PICKED UP.**

**SECTION 5. THIS ACT TAKES EFFECT UPON APPROVAL BY THE GOVERNOR. /**

**RENUMBER SECTIONS TO CONFORM.**

**AMEND TITLE TO CONFORM.**



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
**(803)734-3780 • RFA.SC.GOV/IMPACTS**

*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.*

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<b>Bill Number:</b>	H. 3106	Introduced on February 18, 2021
<b>Author:</b>	Bannister	
<b>Subject:</b>	Employer and Employee Contribution Rates Under SCRS and PORS	
<b>Requestor:</b>	House Ways and Means	
<b>RFA Analyst(s):</b>	Miller	
<b>Impact Date:</b>	February 19, 2021	

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### **Fiscal Impact Summary**

This bill will have no expenditure impact on the General Fund, Other Funds, or Federal Funds of the Public Employee Benefit Authority (PEBA) due to the additional accounting responsibilities of the bill. These additional accounting responsibilities may require additional programing expenses that can be managed with existing appropriations and allocations.

Revenue and Fiscal Affairs anticipates no financial or actuarial impact on the South Carolina Retirement System or the Police Officers Retirement System since the total amount of employer and employee contributions remitted to the systems will remain the same as under current statutes.

Any increase in employer contribution expenditures by employers in the retirement systems electing to increase their contributions to pay employee contributions is undetermined given the permissive nature of this legislation.

### **Explanation of Fiscal Impact**

#### **Introduced on January 12, 2021**

##### **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.

**State Revenue**

N/A

**Local Expenditure**

N/A

**Local Revenue**

N/A

A handwritten signature in black ink, appearing to read "Frank A. Rainwater". The signature is fluid and cursive, with a horizontal line extending from the end of the name.

Frank A. Rainwater, Executive Director

**South Carolina General Assembly**  
124th Session, 2021-2022

**H. 3106**

**STATUS INFORMATION**

General Bill

Sponsors: Reps. Bannister, G.R. Smith, Dillard, Elliott, Hosey and Willis

Document Path: I:\council\bill\sm\20158sa21.docx

Companion/Similar bill(s): 234, 616

Introduced in the House on January 12, 2021

Currently residing in the House Committee on **Ways and Means**

Summary: Employer and employee contribution rates under SCRS and PORS

**HISTORY OF LEGISLATIVE ACTIONS**

Date	Body	Action Description with journal page number
12/9/2020	House	Prefiled
12/9/2020	House	Referred to Committee on <b>Ways and Means</b>
1/12/2021	House	Introduced and read first time ( <a href="#">House Journal-page 75</a> )
1/12/2021	House	Referred to Committee on <b>Ways and Means</b> ( <a href="#">House Journal-page 75</a> )
2/2/2021	House	Member(s) request name added as sponsor: Willis

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**VERSIONS OF THIS BILL**

12/9/2020

1  
2  
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4  
5  
6  
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8  
9 **A BILL**

10  
11 TO AMEND SECTIONS 9-1-1085 AND 9-11-225, CODE OF  
12 LAWS OF SOUTH CAROLINA, 1976, BOTH RELATING TO  
13 EMPLOYER AND EMPLOYEE CONTRIBUTION RATES  
14 UNDER THE SOUTH CAROLINA RETIREMENT SYSTEM  
15 AND THE POLICE OFFICERS RETIREMENT SYSTEM  
16 RESPECTIVELY, SO AS TO PROVIDE THAT AN EMPLOYER,  
17 UP TO CERTAIN LIMITS, MAY ELECT TO PAY ALL OR A  
18 PORTION OF REQUIRED EMPLOYEE CONTRIBUTIONS  
19 DURING A FISCAL YEAR.

20  
21 Be it enacted by the General Assembly of the State of South  
22 Carolina:

23  
24 SECTION 1. Section 9-1-1085 of the 1976 Code is amended by  
25 adding a new subsection (E) to read:

26  
27 “(E) Notwithstanding the employer and employee contribution  
28 rates set out in this section, no later than July first, an employer may  
29 notify the system of its election to increase its employer contribution  
30 rate for the fiscal year beginning that July first by a percentage of  
31 earnable compensation no greater than the employee contribution  
32 rate for the fiscal year. The employer election under this subsection  
33 may not be changed during the fiscal year. The employee  
34 contribution rate for employees of an employer electing to increase  
35 its employer contribution rate under this subsection must be reduced  
36 by the additional percentage of earnable compensation paid by the  
37 employer pursuant to this subsection. Additional contributions  
38 remitted by an employer under this subsection must be treated as  
39 employer contributions.”

40  
41 SECTION 2. Section 9-11-225 of the 1976 Code is amended by  
42 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.

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