

**SOUTH CAROLINA**  
**HOUSE AMENDMENT**

AMENDMENT NO. \_\_\_\_\_

Samantha Allen  
April 15, 2026

ADOPTED	REJECTED	TABLED	ADJOURN DEBATE	RECONSIDERED	ROO

\_\_\_\_\_  
Clerk of the House

ADOPTION NO. \_\_\_\_\_

**BILL NO: H. 4576**

(Reference is to the original version)

Rep. Bannister proposes the following amendment (LC-4576.SA0002H):

Amend the bill, as and if amended, by adding appropriately numbered SECTIONS to read:

SECTION X. Section 9-1-1085 of the S.C. Code is amended by adding:

(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.

SECTION X. Section 9-11-225 of the S.C. Code is amended by adding:

(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 X. Section 9-1-10(8) of the S.C. Code is amended by adding:

(c) 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.

SECTION X. Section 9-11-10(12) of the S.C. 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 X. Section 9-1-10(1) of the S.C. 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.

SECTION X. Section 9-11-10 (2) and (6) of the S.C. 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).

SECTION X. Section 9-11-260(2) of the S.C. 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 X. Section 9-1-1020, the fourth undesignated paragraph, of the S.C. Code is amended to read:

Section 9-1-1020. 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 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.

SECTION X. Section 9-1-1160(B) of the S.C. 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.

SECTION X. Section 9-11-210(11) of the S.C. 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~~ 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~~ 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.

Re-number sections to conform.

Amend title to conform.