

**REPORT OF THE
GENERAL GOVERNMENT SUBCOMMITTEE
(Cobb-Hunter, Lowe, Finlay, Bannister, and Daning – Blythe Littlefield, staff)**

HOUSE BILL 3984

H. 3984 -- Reps. Bannister and Elliott: 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: 2/14/2019

Summary of Bill: An employer in the South Carolina Retirement System or the Police Officer Retirement System may elect to pay all or a portion of their employees' share of retirement contributions.

Estimated Fiscal Impact: 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.

Subcommittee Recommendation: Favorable

Full Committee Recommendation:

Other Notes/Comments:

2nd Reading:

Amendments:



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number:	H. 3984	Introduced on February 14, 2019
Author:	Bannister	
Subject:	Employer and Employee Contribution Rates	
Requestor:	House Ways and Means	
RFA Analyst(s):	Shuford	
Impact Date:	April 25, 2019	

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 programming 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 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 programming 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



Frank A. Rainwater, Executive Director

South Carolina General Assembly
123rd Session, 2019-2020

H. 3984

STATUS INFORMATION

General Bill

Sponsors: Reps. Bannister and Elliott

Document Path: I:\council\bill\13804sd19.docx

Introduced in the House on February 14, 2019

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

Summary: Employer and employee contribution rates

HISTORY OF LEGISLATIVE ACTIONS

<u>Date</u>	<u>Body</u>	<u>Action Description with journal page number</u>
2/14/2019	House	Introduced and read first time (<u>House Journal-page 34</u>)
2/14/2019	House	Referred to Committee on Ways and Means (<u>House Journal-page 34</u>)

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VERSIONS OF THIS BILL

2/14/2019

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A BILL

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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.

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

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

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.”

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

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

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

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