SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number:	H. 3106 Amended by House Ways and Means on March 31, 2022
Author:	G. R. Smith
Subject:	Employer and Employee Contribution Rates Under SCRS and PORS
Requestor:	House of Representatives
RFA Analyst(s):	Miller
Impact Date:	April 4, 2022

Fiscal Impact Summary

This amended bill allows an employer participating in the South Carolina Retirement System (SCRS) or the Police Officers Retirement System (PORS) to elect to increase employer contributions in lieu of the deduction from the payroll for each employee to be contributed to the retirement system. The amended bill also specifies that any such employer contribution must be treated as an employer contribution for federal tax purposes but considered employee contributions for purposes of the retirement system.

The Public Employee Benefit Authority (PEBA) indicates this amended bill will have no expenditure impact for the agency as any additional responsibilities can be managed within existing appropriations. Additionally, Revenue and Fiscal Affairs anticipates this bill will have 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. Further, any expenditure impact to agencies due to the increase in retirement contributions by employers into SCRS or PORS in lieu of employee contributions is undetermined, given the permissive nature of this legislation.

Explanation of Fiscal Impact

Amended by House Ways and Means on March 31, 2022
State Expenditure
This amended bill allows an employer participating in SCRS or PORS to elect to increase its employer contributions in lieu of the deduction from the payroll for each employee to be contributed to the retirement system. This election must be made by July first of the fiscal year and cannot be changed during the year. Additionally, this bill as amended specifies that any such employer contribution must be treated as employer contribution for federal tax purposes but considered employee contributions for purposes of the retirement system.

PEBA anticipates this bill will have no fiscal impact for the agency, as any additional responsibility can be managed within existing appropriations.

Additionally, Revenue and Fiscal Affairs anticipates this amended bill will have 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 expenditure impact to agencies due to the increase in retirement contributions by employers into SCRS or PORS in lieu of employee contributions is undetermined, given the permissive nature of this legislation.

State Revenue
N/A

Local Expenditure
N/A

Local Revenue
N/A

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

Frank A. Rainwater, Executive Director