



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: S. 0108 Signed by Governor on June 19, 2023
Author: Davis
Subject: Death Benefits for Law Enforcement Killed in the Line of Duty
Requestor: Senate
RFA Analyst(s): Miller
Impact Date: August 9, 2023

Fiscal Impact Summary

This bill requires an employer who participates in the Preretirement Death Program to pay the beneficiary of a first responder who is an active member of the retirement system and is killed in the line of duty a lump sum payment of \$75,000. The payment is increased to \$150,000 if the first responder is killed in the line of duty and the death is a result of an unlawful and intentional act of another person, or the first responder is killed while responding to an emergency or other similar incident. Additionally, this requires the State Accident Fund (SAF) to pay these death benefits for any first responder who is not an active member of the retirement system.

Based on our research and the information provided by PEBA and the South Carolina Firefighters' Association, we estimate that the bill will increase death benefits by a range of approximately \$750,000 to \$1,200,000 per year based on an estimated five to eight line-of-duty first responder deaths. These figures are based on the \$150,000 benefit and would be lower if any of the eligible deaths do not meet the requirements for the enhanced payment level. Additionally, if there are fewer or more line-of-duty first responder deaths in a year, this impact will change.

The annual impact to PORS, SCRS, and SAF will depend upon whether the first responder was covered in one of the retirement systems or not and may vary by year. Any impact to SAF will be offset by an open-ended appropriation from the General Fund.

Explanation of Fiscal Impact

Signed by Governor on June 19, 2023

State Expenditure

This bill requires an employer who participates in the Preretirement Death Program to pay the beneficiary of a first responder who is an active member of the retirement system and is killed in the line of duty a lump sum payment of \$75,000. The payment is increased to \$150,000 if the first responder is killed in the line of duty and the death is a result of an unlawful and intentional act of another person, or the first responder is killed while responding to an emergency or other similar incident. Additionally, this requires the State Accident Fund (SAF) to pay these death benefits for any first responder who is not an active member of the retirement system. First responder is defined as follows:

- an emergency medical technician as defined in Section 44-61-20(12);

- a law enforcement officer as defined in Section 23-23-10(E)(1);
- a corrections officer as described in Section 23-1-145 or Section 24-1-280;
- reserves as defined in Section 23-28-10(A);
- constables appointed pursuant to Section 23-1-60;
- a fire department worker who serves on a paid or voluntary basis for a firefighting agency, fire department, or a volunteer fire department and who performs duties related to rescue, fire suppression, and public safety; or
- a coroner as defined in Section 17-5-5(3) or a deputy coroner as defined in Section 17-5-5(5) who directly engages in examining, treating, or directing persons during an emergency.

Currently, the preretirement incidental death benefit for a retirement system member is equal to the member's annual earnable compensation at the time of death. This bill will provide an additional \$75,000 or \$150,000 payment.

The Police Officers Retirement System (PORS) covers police officers, peace officers, firefighters, coroners, magistrates, and probate judges who meet the employment and compensation requirements. Emergency medical technicians who are not in PORS covered employment but who are employed by an entity that participates in the South Carolina Retirement System (SCRS) would be eligible for this benefit under SCRS.

Any first responder not covered by PORS or SCRS will be eligible for the new death benefits through SAF. This bill creates the South Carolina First Responder Line of Duty Death Benefit Fund, within SAF, to pay for these death benefits for first responders. Upon request from the director of SAF, the State Treasurer will transfer sufficient amounts from the General Fund to the South Carolina First Responder Line of Duty Death Benefit Fund to cover the death benefit claims. SAF, in coordination with the State Treasurer, will provide a report on an annual basis on the claims from the fund to the Senate Finance Committee and the House Ways and Means Committee.

PEBA provided an actuarial analysis to determine the potential impact the bill will have on PORS and SCRS. The actuarial analysis anticipates that approximately two to three line-of-duty deaths occur each year for law enforcement officers in PORS based on historical experience, which results in an increase of \$300,000 to \$450,000 in death benefits paid for law enforcement officers. This will increase the cost of PORS by around 0.02 percent annually, which the report considers to be a minimal impact to the actuarial accrued liability, and about a 0.02 percent increase in the normal cost rate in PORS. This estimate is based on the actuarial valuation of PORS as of July 1, 2022.

PEBA does not currently have line-of-duty information for members in SCRS to determine the member's occupation. As such, the actuarial analysis assumes that the experience in SCRS for other first responders will be similar to PORS, for a potential annual cost of \$300,000 to \$450,000 for two to three line-of-duty deaths each year. Alternatively, this would increase to \$1,200,000 to \$1,500,000 if there are eight to ten line-of-duty deaths. However, since the

covered payroll for SCRS is several times larger than covered payroll for PORS, the cost impact as a percentage is significantly smaller than the estimated 0.02 percent increase for PORS.

The South Carolina Firefighters' Association provided historical data on the number of line-of-duty firefighter deaths in the state. Over the last ten years, an average of two line-of-duty firefighter deaths have occurred per year in South Carolina.

Based on our research and the information provided by PEBA and the South Carolina Firefighters' Association, we estimate that the bill will increase death benefits by a range of approximately \$750,000 to \$1,200,000 per year based on an estimated five to eight line-of-duty first responder deaths. These figures are based on the \$150,000 benefit and would be lower if any of the eligible deaths do not meet the requirements for the enhanced payment level. Additionally, if there are fewer or more line-of-duty first responder deaths in a year, this impact will change.

The annual impact to PORS, SCRS, and SAF will depend upon whether the first responder was covered in one of the retirement systems or not and may vary by year. Any impact to SAF will be offset by an open ended appropriation from the General Fund.

State Revenue

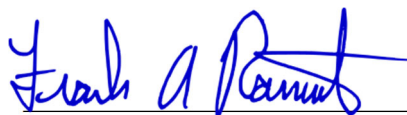
This bill requires SAF to pay death benefits for any first responder who is not an active member of the retirement system. Additionally, this bill creates the South Carolina First Responder Line of Duty Death Benefit Fund, within SAF, to pay for these death benefits for first responders. Upon request from the director of SAF, the State Treasurer will transfer sufficient amounts from the General Fund to the South Carolina First Responder Line of Duty Death Benefit Fund to cover the death benefit claims. The annual undetermined impact to SAF will be offset by an open-ended appropriation from the General Fund.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director