Bill Number:	H. 4576 Amended by the House of Representatives on April 23, 2026
Subject:	Special Purpose Districts Retirement
Requestor:	House Ways and Means
RFA Analyst(s):	Tipton
Impact Date:	April 27, 2026

Fiscal Impact Summary

This bill as amended changes the definition of an employer for the state Optional Retirement Program (ORP) to include Special Purpose Districts (SPDs) or commissions of public works that have elected to participate in ORP. The bill specifies that SPDs or commissions of public works that participate in the South Carolina Retirement System (SCRS) may also become participating employers in ORP by applying to the board of the Public Employee Benefit Authority (PEBA). The bill further changes the definition of an employee eligible to participate in ORP to include employees hired by SPDs or commissions of public works after the employer's effective date of participation in ORP. The bill also allows an SCRS or Police Officers Retirement System (PORS) employer to elect to pay all or a portion of the employee contributions to the applicable retirement system without a reduction or offset from its employees' compensation, with certain requirements and restrictions.

This bill will have no impact on PEBA or the state retirement systems. PEBA indicates that allowing employees of SPDs or commissions of public works who participate in SCRS to also participate in ORP will have a minimal effect on the retirement system. Further, allowing employers to pay the employee share of retirement contributions will also have a minimal impact on the retirement systems. Additionally, the agency anticipates that implementing these changes can be managed with existing resources. To note, as employee retirement benefits are calculated based on the employee salary, if an employer allocates funds to pay for the employee share of the retirement contributions in lieu of a salary increase, this will result in a lower retirement benefit received by the employee.

The bill may impact expenses if state agencies elect to pay all or a portion of the employee contributions, currently 9 percent for SCRS or 9.75 percent for PORS, without any corresponding reduction or offset in employee compensation. However, as this bill is permissive in nature, any expenditure impact will depend upon whether the employer elects to pay for any portion of the employee contributions.

The Department of Revenue (DOR) anticipates that this bill will have no impact on individual income tax revenue.

This bill may impact local expenses if any local governing entities, including SPDs or commission of public works employers, elect to pay all or a portion of the employee contributions, currently 9 percent for SCRS or 9.75 percent for PORS, without any corresponding reduction or offset in employee compensation. However, as this bill is permissive in nature, any expenditure impact will depend upon whether the employer elects to pay any portion of the employee contributions. This bill is not expected to have an impact on SPDs or commissions of public works that elect to participate in ORP. The employer contribution rate for ORP is the same as the SCRS at 18.56 percent in FY 2025-26, and ORP benefits would only be available to current SCRS participant SPDs or commissions of public works.

Explanation of Fiscal Impact

Amended by the House of Representatives on April 23, 2026
State Expenditure
This bill as amended changes the definition of an employer for the state ORP to include SPDs or commissions of public works that have elected to participate in ORP. The bill specifies that SPDs or commissions of public works that participate in the SCRS may also become participating employers in ORP by applying to the board of PEBA. The application must be filed at least six months prior to the requested effective date of participation, which must be July 1, 2027, or any subsequent July first. The bill further changes the definition of an employee eligible to participate in ORP to include employees hired by SPDs or commissions of public works after the employer's effective date of participation in ORP.

The bill also allows an SCRS or PORS employer to elect, no later than July 1 of each year, to pay all or a portion of the employee contributions to the applicable retirement system without a reduction or offset from its employees' compensation. Currently, active SCRS members contribute 9 percent of their salary to the retirement system and active PORS members contribute 9.75 percent of their salary to the retirement system. An employer electing to pay these contributions must use the same source of funds used to pay the employee, and an employer's election is valid for one fiscal year and may change in future fiscal years.

PEBA indicates that allowing employees of SPDs or commissions of public works who participate in SCRS to also participate in ORP will have a minimal effect on the retirement system. Further, allowing employers to pay the employee share of retirement contributions will also have a minimal impact on the retirement systems. Additionally, the agency anticipates that implementing these changes can be managed with existing resources. Therefore, this bill as amended will have no impact on PEBA or the state retirement systems. To note, as employee retirement benefits are calculated based on the employee salary, if an employer allocates funds to pay for the employee share of the retirement contributions in lieu of a salary increase, this will result in a lower retirement benefit received by the employee.

The bill may impact expenses for state agencies that elect to pay all or a portion of the employee contributions without any corresponding reduction or offset in compensation. However, as this bill is permissive in nature, any expenditure impact will depend upon whether the employer elects to pay any portion of the employee contributions.

State Revenue
The bill also allows an SCRS or PORS employer to elect to pay all or a portion of the employee contributions to the applicable retirement system without a reduction or offset from its employees' compensation, with certain requirements and restrictions. DOR anticipates that this bill will have no impact on individual income tax revenue.

Local Expenditure
This bill allows SPDs and commission of public works to participate in the OPR, if they are participants of the SCRS and meet the requirements of this bill. The bill also allows an SCRS or PORS employer to elect, no later than July 1 of each year, to pay all or a portion of the employee contributions to the applicable retirement system without a reduction or offset from its employees' compensation.

This bill may impact local expenses if any local governing entities, including SPDs or commission of public works employers, elect to pay all or a portion of the employee contributions, currently 9 percent for SCRS or 9.75 percent for PORS, without any corresponding reduction or offset in employee compensation, However, as this bill is permissive in nature, any expenditure impact will depend upon whether the employer elects to pay any portion of the employee contributions. This bill is not expected to have an impact on SPDs or commissions of public works that elect to participate in ORP. The employer contribution rate for ORP is the same as the SCRS at 18.56 percent in FY 2025-26, and ORP benefits would only be available to current SCRS participant SPDs or commissions of public works that elect to participate in ORP under the bill.

Local Revenue
N/A

Frank A. Rainwater

Frank A. Rainwater, Executive Director