



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. 0127	Amended by House Ways and Means on April 30, 2025
Subject:	Catawba Nation	
Requestor:	House Ways and Means	
RFA Analyst(s):	Tipton	
Impact Date:	May 1, 2025	

Fiscal Impact Summary

This bill allows police officers employed by the Catawba Nation to participate in the Police Officers Retirement System (PORS) managed by the Public Employee Benefit Authority (PEBA) upon approval by the PEBA Board of Directors. This bill as amended provides that after December 31, 2025, any full-time master-in-equity shall participate PORS. Additionally, the amended bill specifies from July 1, 2025, to January 1, 2026, a master-in-equity who elects to transfer credited service from the South Carolina Retirement System (SCRS) to PORS may do so upon payments as provided in this bill. The bill as amended also removes the earnings limitation for a retiree of PORS if the employee is separated from covered employment for at least twelve months before returning to covered employment, or if the retiree returns to employment in a critical needs law enforcement position. The bill also removes the earnings limitation for a retiree of the SCRS if the employee is separated from covered employment for at least twelve months before returning to covered employment.

This bill as amended will have no impact on the Public Employee Benefit Authority (PEBA), as the agency indicates that implementing the provisions will be managed with existing staff and resources. This bill is not expected to have an expenditure impact on the Law Enforcement Training Council (LETC) for reviewing and approving critical needs position documentation, preparing annual reports, and developing guidelines and curriculums.

PEBA indicates the removal of the earnings limitation for PORS retirees immediately returning to work in a critical needs position under the bill as amended will increase the unfunded actuarial accrued liability of PORS by \$73,000,000. Should the General Assembly choose to fund this increase, this bill will result in a one-time expenditure increase of \$88,000,000 in FY 2025-26. PEBA further indicates that the amended bill's removal of the earnings limitation for PORS or SCRS members following a twelve-month separation codifies an existing budget proviso and will have no impact on the retirement system. Additionally, adding full-time masters-in-equity and Catawba Nation police officers to PORS will have a minimal effect on the system as PEBA anticipates only approximately 5 police officers and up to 23 masters-in-equity will enter into the system.

Explanation of Fiscal Impact

Amended by House Ways and Means on April 30, 2025

State Expenditure

This bill as amended provides that full-time masters-in-equity as well as police officers employed by the Catawba Nation will be eligible to participate in PORS. The bill specifies that the Catawba Nation may become an employer for this purpose by applying to the Board of Directors of PEBA and complying with statutory requirements for employers of PORS participants. The bill establishes other timelines and conditions required for the Catawba Nation to obtain this benefit, and states that nothing will impact the nation's sovereign immunity with respect to state laws unrelated to the retirement system inclusion. This bill as amended provides that after December 31, 2025, any full-time master-in-equity shall participate PORS. Additionally, the amended bill specifies from July 1, 2025, to January 1, 2026, a master-in-equity who elects to transfer credited service from SCRS to PORS may do so upon payments as provided in this bill.

This bill as amended also removes the earnings limitation for a retiree of PORS or SCRS if the employee is separated from covered employment for at least twelve months before returning to covered employment. Additionally, the earnings limitation for PORS does not apply if the retiree returns to employment in a critical needs law enforcement position. The LETC is required to determine if a position is a critical needs position by reviewing and approving documentation provided by a covered employer. By January 1, 2026, and each year thereafter, the council is required to submit a report to the chairman of the Senate Finance Committee and the chairman of the House Ways and Means Committee of the positions requested for inclusion in the earnings limitation exception for the following fiscal year. The earnings limitation exception only applies to the positions approved by action of the General Assembly. Furthermore, LETC is required to develop guidelines and curriculum for these officers to be recertified and may not require recertification through basic training for those that have been inactive for a year or more.

This bill as amended will have no expenditure impact on PEBA, as the agency indicates that implementing the provisions will be managed with existing staff and resources. This bill is not expected to have an expenditure impact on LETC for reviewing and approving critical needs position documentation, preparing annual reports, and developing guidelines and curriculums.

PEBA indicates an existing budget proviso currently allows PORS or SCRS retirees to return to covered employment absent the earnings limitation following a twelve-month period during which the retiree is separated from covered employment. This bill codifies the budget proviso. Also, PEBA anticipates approximately 5 Catawba Nation police officers may join PORS. Further, there are 23 counties in the state with a masters-in-equity court and a master-in-equity may serve in a full or part-time capacity; therefore, up to 23 masters-in-equity may join PORS. Based on this information, PEBA anticipates that adding masters-in-equity and Catawba Nation police officers to PORS will have a minimal effect on the retirement system. Therefore, these provisions of the bill as amended will have no impact on PORS.

PEBA indicates that allowing the immediate return to covered employment for critical needs law enforcement positions will result in a higher actuarial accrued liability for PORS, since the agency anticipates that this change may increase the number of reemployed retirees and lead to more workers electing to retire at an earlier age. This will result in a higher actuarial accrued liability and increase normal cost or cost of service earned towards an active member's benefit in a given year, since a member's retirement benefit is funded over a shorter career. For the retirement systems to attain a 100 percent funded ratio at the same projected date, the amortization cost will need to increase. PEBA previously indicated that there are approximately 2,095 PORS members who are younger than 57 and eligible to retire. Assuming that some members will retire earlier than they otherwise would to take advantage of the critical needs provision, PEBA estimates that the unfunded actuarial accrued liability will increase by \$73,000,000. PEBA further indicates the necessary one-time appropriation to maintain the current funding period is \$88,000,000. If the General Assembly chooses to fund this increase, this bill will result in a one-time increase in expenditures of \$88,000,000 in FY 2025-26.

State Revenue

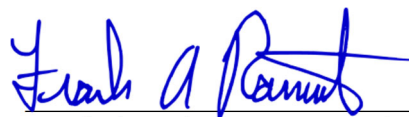
N/A

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director