~~Indicates Matter Stricken~~

Indicates New Matter

COMMITTEE REPORT

March 5, 2014

**S. 1008**

Introduced by Senators Setzler and Lourie

S. Printed 3/5/14--S.

Read the first time February 6, 2014.

**THE COMMITTEE ON FINANCE**

To whom was referred a Bill (S. 1008) to amend Section 9‑8‑10, as amended, Code of Laws of South Carolina, 1976, relating to definitions pertaining to the retirement system for judges and solicitors, etc., respectfully

**REPORT:**

That they have duly and carefully considered the same and recommend that the same do pass:

HUGH K. LEATHERMAN, SR. for Committee.

**STATEMENT OF ESTIMATED FISCAL IMPACT**

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

See Below

**EXPLANATION OF IMPACT:**

Public Employee Benefit Authority

PEBA indicates that Administrative Law Judges are currently members of SCRS. The State and these judges annually contribute 11.06% and 8.16% of pay, respectively, to finance the benefits the judges earn in the retirement system. If enacted, the Administrative Law Judges will earn benefits in JSRS and will be required to contribute the member contribution rates adopted by the Board of the Public Employee Benefit Authority. The contribution rates for the State will increase to 47.97% of pay. The contribution rates that the Judges will be required to pay increase to 10.00%.

The five Administrative Law Judges that are currently eligible to earn benefits in JSRS have a combined annual payroll of $550,300. Therefore, the annual contributions from these five members to fund their retirement benefits will increase from $44,900 to $55,000 ($10,100 increase). The annual cost of the State to provide retirement benefits to these five judges will increase from $60,900 to $264,000 ($203,100 increase).

Also, if this proposed legislation is enacted, the unfunded actuarial accrued liability of JSRS would increase by $3.2 million to $112.5 million and the funded ratio for this plan would decrease from 57.5% to 56.9%. Since there would also be an additional $319,000 in contributions to the system on the pay of these members, the funding period changes by less than 0.1 years and remains at 27.9 years. Also, there will be no change to the employer or member contribution rate for judges and solicitors if this proposed legislation is enacted.

*Approved By:*

Brenda Hart

Office of State Budget

**A** **BILL**

TO AMEND SECTION 9‑8‑10, AS AMENDED, CODE OF LAWS OF SOUTH CAROLINA, 1976, RELATING TO DEFINITIONS PERTAINING TO THE RETIREMENT SYSTEM FOR JUDGES AND SOLICITORS, SO AS TO INCLUDE ADMINISTRATIVE LAW JUDGES IN THE DEFINITION OF “JUDGE”; AND TO AMEND SECTION 9‑8‑40, AS AMENDED, RELATING TO MEMBERSHIP IN THE SYSTEM, SO AS TO ALLOW ADMINISTRATIVE LAW JUDGES SERVING ON JULY 1, 2014, TO ELECT TO BECOME A MEMBER.

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

SECTION 1. Section 9‑8‑10(16) of the 1976 Code is amended to read:

“(16) ‘Judge’ means a justice of the Supreme Court or a judge of the court of appeals, circuit or family court of the State of South Carolina. Subject to the provisions of Section 9‑8‑40, ‘judge’ also means an administrative law judge.”

SECTION 2. Section 9‑8‑40(1) of the 1976 Code, as last amended by Act 108 of 2007, is further amended to read:

“(1) All persons who are judges or solicitors on July 1, 1979, and who have not attained age seventy‑two shall become members of the system as of that date. All administrative law judges on July 1, 2014, who have not retired may elect to become a member of the system. Administrative law judges making that election may transfer prior service into the system as provided in Section 9‑8‑50, and to the extent the service thus transferred occurred after the member took office as an administrative law judge, that service is deemed earned service in the system. All other persons become members of the system on taking office as judge, solicitor, or circuit public defender before attaining age seventy‑two.”

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

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