

HB201 ENGROSSED



1 HB201
2 B8XY4J4-2
3 By Representatives Clouse, Reynolds
4 RFD: Ways and Means General Fund
5 First Read: 20-Feb-24



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A BILL
TO BE ENTITLED
AN ACT

Relating to the Retirement Systems of Alabama; to provide for an annualized benefit increase procedure for the funding of future benefit increases to state and education retirees of the Employees' Retirement System and the Teachers' Retirement System in a manner that does not increase the unfunded liability of either system; and to provide for legislative findings.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Commencing in the fiscal year beginning October 1, 2024, no benefit increase provided to retirees and beneficiaries under the Employees' Retirement System, except for retirees and beneficiaries whose employers participate pursuant to Sections 36-27-6, 36-27-7, and 36-27-7.1, Code of Alabama 1975, shall be paid unless the increase is granted by a separate legislative act conforming to the requirements of this section. The separate legislative act shall set the amount of the increase and the class of eligible retirees and beneficiaries. Any other benefit increases may be granted by an additional separate legislative act. The Employees' Retirement System shall pay the benefit increase to the



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29 eligible retirees and beneficiaries, except those whose
30 employer participates in the Employees' Retirement System
31 pursuant to Sections 36-27-6, 36-27-7, and 36-27-7.1, Code of
32 Alabama 1975, only if the annual cost of the increase as
33 estimated by the actuary of the system is included and
34 appropriated in the State General Fund appropriation act for
35 that fiscal year by a separate employer rate. Participating
36 employers, except those whose employer participates in the
37 Employees' Retirement System pursuant to Sections 36-27-6,
38 36-27-7, and 36-27-7.1, Code of Alabama 1975, shall pay the
39 separate employer rate to pay the benefit increase included in
40 the State General Fund appropriation act in the same manner
41 and from the same source of funds as salaries of active
42 members are paid. In any fiscal year in which the required
43 separate employer rate is not identified and appropriated in
44 the appropriation act, eligible retirees and beneficiaries
45 shall not receive, and the Employees' Retirement System shall
46 not be required to pay, the increase in that fiscal year. The
47 benefit increase may be resumed in any subsequent fiscal year
48 if included in that year's appropriation act.

49 Section 2. Commencing in the fiscal year that beginning
50 October 1, 2024, no benefit increase provided to retirees and
51 beneficiaries under the Teachers' Retirement System shall be
52 paid unless the increase is granted by separate legislative
53 act conforming to this section. The separate legislative act
54 shall set the amount of the increase and the class of eligible
55 retirees and beneficiaries. Any other benefit increases shall
56 be granted by an additional separate legislative act. The



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57 Teachers' Retirement System shall pay the benefit increase to
58 the eligible retirees and beneficiaries only if the annual
59 cost of the increase as estimated by the actuary of the system
60 is included and appropriated in the Education Trust Fund
61 appropriation act for that fiscal year by a separate employer
62 rate. Participating employers shall pay the separate employer
63 rate to pay the benefit increase included in the Education
64 Trust Fund appropriation act in the same manner and from the
65 same source of funds as salaries of active members are paid.
66 In any fiscal year in which the required separate employer
67 rate is not identified and appropriated in the appropriation
68 act, eligible retirees and beneficiaries shall not receive and
69 the Teachers' Retirement System shall not be required to pay
70 the increase in that fiscal year. The benefit increase may be
71 resumed in any subsequent fiscal year if included in that
72 year's appropriation act.

73 Section 3. (a) The Legislature finds and declares that
74 any benefit increase provided for the retirees and
75 beneficiaries of the Employees' Retirement System and the
76 Teachers' Retirement System pursuant to this act shall not
77 increase the unfunded liability of those retirement systems
78 due to the annual authorization and full annual funding
79 required by this act.

80 (b) Any accounting standards that may imply otherwise
81 and that do not recognize the clear language of this act,
82 declaring that no future liability shall be attributed to the
83 Retirement Systems of Alabama pursuant to this act, shall be
84 disregarded and any audits conducted of the finances of the



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85 Retirement Systems of Alabama shall clearly note that those
86 accounting standards do not apply to a benefit increase
87 granted under this act.

88 Section 4. This act is not applicable to and shall not
89 affect any previous cost-of-living increase or one-time bonus
90 provided to retirees under acts previously passed by the
91 Legislature.

92 Section 5. This act shall become effective on June 1,
93 2024.



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House of Representatives

Read for the first time and referred20-Feb-24
to the House of Representatives
committee on Ways and Means General
Fund
Read for the second time and placed28-Feb-24
on the calendar:
0 amendments
Read for the third time and passed21-Mar-24
as amended
Yeas 101
Nays 0
Abstains 1

John Treadwell
Clerk