

1 HB346
2 217404-1
3 By Representative Ellis
4 RFD: County and Municipal Government
5 First Read: 15-FEB-22

SYNOPSIS: Under existing law, any local employer participating in the Employees' Retirement System of Alabama, by adoption of a resolution before May 8, 2021, may elect to provide to its Tier II plan members the same retirement benefits provided to Tier I plan members.

This bill would remove the date limitation.

A BILL
TO BE ENTITLED
AN ACT

Relating to the Employees' Retirement System of Alabama; to amend Section 36-27-6.5, Code of Alabama 1975, to remove the date limitation on a participating local employer for electing to provide to its Tier II plan members the same retirement benefits as provided to Tier I plan members.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

Section 1. Section 36-27-6.5 of the Code of Alabama 1975, is amended to read as follows;

1 "§36-27-6.5.

2 "(a) Any employer participating in the Employees'
3 Retirement System of Alabama pursuant to Section 36-27-6, ~~may,~~
4 by adoption of a resolution ~~by May 8, 2021,~~ may elect to
5 provide to its Tier II plan members the same retirement
6 benefits provided to Tier I plan members. Provided, however,
7 the Employees' Retirement System Board of Control, based on a
8 staff review of the historical compliance with ERS
9 requirements as well as the financial stability of the local
10 government entity, may elect to deny the election authorized
11 ~~herein~~ in this section. The local entity may petition the
12 Board of Control for a reconsideration of its action ~~by May 8,~~
13 ~~2021~~. The election shall be irrevocable and shall be effective
14 at the beginning of the fiscal year following the date the
15 resolution is received by the ERS.

16 "(b) Any employer that has not increased the Tier I
17 member contribution rates as provided in Act 2011-676 shall
18 develop a plan to gradually increase the member contribution
19 rates as provided ~~herein~~ in this section. The plan shall be
20 submitted to the Employees' Retirement System before electing
21 to provide Tier II plan members the same retirement benefits
22 as Tier I plan members. Beginning in the month the election to
23 provide Tier II plan members the same retirement benefits
24 provided to Tier I plan members becomes effective, Tier II
25 plan members shall contribute to the Employees' Retirement
26 System seven and one-half percent of their earnable
27 compensation and Tier II plan members who are firefighters,

1 law enforcement officers, or correctional officers, as defined
2 in Section 36-27-59(a), shall contribute to the Employees'
3 Retirement System eight and one-half percent of their earnable
4 compensation.

5 "(c) Anything in this article to the contrary
6 notwithstanding, in the application of the provisions of
7 Sections 36-27-16 and 16-25-14 to a member whose creditable
8 service includes periods of service to different Tier plans,
9 the benefit rates of each respective Tier plan will be
10 applicable to the creditable service earned while in each
11 respective Tier plan. In all other respects, the pension under
12 this subsection shall be determined on the basis of the
13 member's Tier plan at the time of his or her withdrawal from
14 service."

15 Section 2. This act shall become effective
16 immediately following its passage and approval by the
17 Governor, or its otherwise becoming law.