

# SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

**BILL NO.** Senate Bill 797

**PRINTER'S NO.** 1148

**AMOUNT**

No Fiscal Impact

**FUND**

School Employees' Retirement Fund

**DATE INTRODUCED**

April 1, 2013

**PRIME SPONSOR**

Senator Browne

**HISTORY OF BILL**

Referred to FINANCE, April 1, 2013  
Reported as committed, May 1, 2013  
First consideration, May 1, 2013  
Re-referred to APPROPRIATIONS, May 6, 2013  
Re-reported as amended, June 3, 2013

**DESCRIPTION AND PURPOSE OF BILL**

Senate Bill 797 amends Titles 51 (Military Affairs) and 24 (Public School Employees' Retirement Code) to bring the Public School Employees' Retirement System (PSERS) into compliance with the following Federal laws: (1) the Heroes Earnings Assistance and Relief Tax Act (HEART Act); (2) the Uniformed Services Employment and Reemployment Rights Act (USERRA); and, (3) the Internal Revenue Code.

The changes being made to bring PSERS into compliance are as follows:

- Replaces the current rules for service credit for intervening military service and military leaves of absence with USERRA's rules.
- Provides for PSERS members who die on military leave to be granted vesting credit for the period of military service prior to their death to qualify for benefits.
- Provides that PSERS members who return to service but do not make the employee contributions to purchase credit for USERRA covered military leave will be granted vesting credit for the period of military service for the purpose of qualifying for benefits and applying early retirement factors.
- Requires contributions for credit for military leave be made within the shorter of three times the length of leave or five years after the return of service.
- Prohibits charging interest for USERRA covered military leave.
- Prohibits PSERS members on military leave from making contributions until they return to school service.
- Provides, in general, employer payments to school employees on military leave will not be included in retirement covered compensation and no employee or employer contributions will be collected.
- Allows military leave that does not qualify for PSERS credit under USERRA, but would otherwise be creditable under the current law to be purchased.

# SENATE APPROPRIATIONS COMMITTEE

## FISCAL NOTE

The legislation is scheduled to take effect July 1, 2013, or immediately, whichever is later.

### **FISCAL IMPACT:**

Based on information contained in the Public Employee Retirement Commission's actuarial note transmittal, the provisions contained in Senate Bill 797 will have no material impact on the future funding requirements of PSERS.

In addition, Act 181 of 2012 (House Bill 2591) made similar changes to the State Employees' Retirement Code to bring the State Employees' Retirement System into compliance with Federal law.