ACT #2017-360

HB377

186179-4

By Representatives Treadaway and Clouse

RFD: Ways and Means General Fund

First Read: 09-MAR-17

MAY 17 2017
RECEIVED
GOVERNOR'S OFFICE

1

2 ENROLLED, An Act,

3 To amend Section 36-27-1, Code of Alabama 1975,
4 relating to the Employees' Retirement System, to revise the
5 definition of "state policeman"; and to remove the separate
6 calculation of employer contribution percentage rate made to
7 the Pension Accumulation Fund by the employer for state
8 policemen.

9 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

10 Section 1. Section 36-27-1, Code of Alabama 1975, is
11 hereby amended to read as follows:

12 "§36-27-1.

13 "When used in this article, the following terms
14 shall have the following meanings, respectively, unless the
15 context clearly indicates otherwise:

16 "(1) RETIREMENT SYSTEM. The Employees' Retirement
17 System of Alabama as defined in Section 36-27-2.

18 "(2) EMPLOYEE. Any regular employee of the State of
19 Alabama whose salary is paid by state warrant by the state,
20 except a member of the Legislature of the state, a person who
21 is covered or eligible to be covered under the Teachers'
22 Retirement System of Alabama or any other retirement system to
23 which contributions are made by the state, an elective
24 official of the state government, and a temporary employee or
25 person engaged under retainer or special agreement. In all

1 cases of doubt the Board of Control shall determine who is an
2 employee within the meaning of this article. The term shall
3 include any regular employee of the Alabama state hospitals
4 and Partlow State School and Hospital and the Alabama State
5 Port Authority, however paid.
6 "(3) EMPLOYER. The State of Alabama or any
7 department, commission, institution, or any other agency of
8 and within the state by which an employee is paid, including
9 employers as provided in Section 36-27-6.
10 "(4) MEMBER. Any employee included in the membership
11 of the system as provided in Section 36-27-4.
12 "(5) BOARD OF CONTROL. The board provided for in
13 Section 36-27-23 to administer the retirement system.
14 "(6) MEDICAL BOARD. The board of physicians provided
15 for in Section 36-27-23.
16 "(7) SERVICE. Service as an employee paid for by an
17 employer.
18 "(8) PRIOR SERVICE. Service rendered prior to the
19 date of establishment of the retirement system for which
20 credit is allowable under Section 36-27-11.
21 "(9) MEMBERSHIP SERVICE. Service as an employee
22 rendered while a member of the retirement system and on
23 account of which contributions are made.
24 "(10) CREDITABLE SERVICE. "Prior service" plus
25 "membership service" rendered since last becoming a member.

1 "(11) BENEFICIARY. Any person in receipt of a
2 pension, an annuity, a retirement allowance or other benefit
3 as provided by this article.
4 "(12) REGULAR INTEREST. Interest compounded annually
5 at the rate determined by the Board of Control in accordance
6 with subsection (f) of Section 36-27-25.
7 "(13) ACCUMULATED CONTRIBUTIONS. The sum of all the
8 amounts deducted from the compensation of a member credited to
9 his or her individual account in the Annuity Savings Fund,
10 together with regular interest thereon, as provided in Section
11 36-27-24.
12 "(14) EARNABLE COMPENSATION. The full rate of
13 compensation that would be payable to an employee if he or she
14 worked the full normal work-time. In cases where compensation
15 includes maintenance, the Board of Control shall fix the value
16 of that part of the compensation not paid in money. Earnable
17 compensation shall not exceed the limitations imposed by
18 Section 401(a)(17) of the Internal Revenue Code for public
19 pension funds, except that any employee who was a member of
20 the Employees' Retirement System before the first plan year
21 beginning after December 31, 1995, shall not be subject to the
22 earning limitations set forth in Section 401(a)(17). For Tier
23 I plan members, the term earnable compensation for retirement
24 purposes shall not include subsistence payments that are made
25 to a member and shall include overtime payments that are made

1 to a member; however, earnable compensation shall not exceed
2 120 percent of any members' annual base compensation as
3 certified by the employer. For Tier II plan members, earnable
4 compensation shall include overtime payments that are made to
5 the member but shall not include subsistence payments that are
6 made to the member and shall not exceed one hundred
7 twenty-five percent (125%) of the member's annual base
8 compensation, as certified by the employer.
9 "(15) AVERAGE FINAL COMPENSATION. For any Tier I
10 plan member, the average annual compensation of the member,
11 with respect to which he or she had made contributions
12 pursuant to subsection (b) of Section 36-27-24 during the
13 three years, in his or her last 10 years of creditable service
14 for which the average is highest or during his or her entire
15 period of creditable service if less than three years; except,
16 that for any period prior to November 1, 1959, the
17 compensation used in computing the average shall include
18 compensation in excess of the maximum amount with respect to
19 which members were required to contribute. For any Tier II
20 plan member, the average annual compensation of the member,
21 with respect to which he or she has made contributions
22 pursuant to subsection (b) of Section 36-27-24 during the five
23 years, in his or her last ten years of creditable service for
24 which the average is highest or during his or her entire
25 period of creditable service if less than five years.

1 "(16) ANNUITY. Payments for life derived from the
2 "accumulated contributions" of a member. All annuities shall
3 be payable in equal monthly installments.
4 "(17) PENSION. Payments for life derived from money
5 provided by the employer. All pensions shall be payable in
6 equal monthly installments.
7 "(18) RETIREMENT ALLOWANCE. The sum of the "annuity"
8 and the "pension."
9 "(19) RETIREMENT. Withdrawal from active service
10 with a retirement allowance or optional benefit in lieu
11 thereof granted under this article.
12 "(20) ANNUITY RESERVE. The present value of all
13 payments to be made on account of any annuity or benefit in
14 lieu of any annuity computed upon the basis of the mortality
15 tables adopted by the Board of Control and regular interest.
16 "(21) PENSION RESERVE. The present value of all
17 payments to be made on account of any pension or benefit in
18 lieu of any pension computed upon the basis of the mortality
19 tables adopted by the Board of Control and regular interest.
20 "(22) ACTUARIAL EQUIVALENT. A benefit of equal value
21 when computed upon the basis of the mortality tables adopted
22 by the Board of Control and regular interest.
23 "(23) STATE POLICEMAN. An employee in the classified
24 service under the Merit System Act approved by the State
25 Personnel Board to perform the duties of highway patrolman or

a beverage control agent or a crime investigator. The term includes any employee hired by the Alabama State Law Enforcement Agency after January 1, 2015, who is certified by the Alabama Peace Officers' Standards and Training Commission and performs law enforcement duties. Such an employee of the Alabama State Law Enforcement Agency shall pay the same employee contribution rate as and receive the same benefits as Tier II law enforcement officers, as defined by Section 36-27-59(a)(3). The term shall not include a member employed as a policeman under Section 36-27-6.

"(24) TIER I PLAN. The defined benefit pension plan provided by the Retirement System to Tier I plan members.

"(25) TIER II PLAN. The defined benefit pension plan provided by the Retirement System to Tier II plan members.

"(26) TIER I PLAN MEMBER. Any member of the Retirement System who had service for which he or she received credit in the Employees' Retirement System or in the Teachers' Retirement System prior to January 1, 2013.

"(27) TIER II PLAN MEMBER. Any member of the Retirement System who first began eligible employment with an Employees' Retirement System or a Teachers' Retirement System participating employer on or after January 1, 2013, and who had no eligible service in the Employees' Retirement System or the Teachers' Retirement System prior to January 1, 2013."

1 Section 2. This act shall become effective on the
2 first day of the third month following its passage and
3 approval by the Governor, or on its otherwise becoming a law.

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2

Mac McCutcheon

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4 Speaker of the House of Representatives

Del Marsh

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6 President and Presiding Officer of the Senate

7 House of Representatives

8 I hereby certify that the within Act originated in
9 and was passed by the House 06-APR-17.
10
11 Jeff Woodard
12 Clerk
13

14

15 Senate	04-MAY-17	Amended and Passed
16 House	16-MAY-17	Concurred in Senate Amendment

17

APPROVED 5-24-2017

TIME 3:15 PM

Kay Ivey

GOVERNOR

Alabama Secretary Of State

Act Num....: 2017-360
Bill Num...: H-377

Recv'd 05/25/17 09:26amSLF

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DIST. NO.

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HOUSE ACTION

GA G

DATE: 3-9 20 17

RD 1 RFD WMGF

REPORT OF STANDING COMMITTEE

This bill having been referred by the House to its standing committee on WMGF was acted upon by such committee in session, and returned therefrom to the House with the recommendation that it be Passed, w/amend(s)____ w/sub____ this 15th day of March, 20 17.

Chairperson

DATE: 3-15 20 17

RF RD 2 CAL

DATE: 20__

RE-REFERRED ☐ RE-COMMITTED ☐

Committee____

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill, HB 377.

YEAS____ NAYS____

JEFF WOODARD,

SENATE ACTION

DATE: 4-6 20 17

RD 1 RFD GA

This Bill was referred to the Standing Committee of the Senate on GA and was acted upon by such Committee in session and is by order of the Committee returned therefrom with a favorable report w/amd(s) 0 w/sub 1 w/eng sub 0 by a vote of yeas 7 nays 0 abstain 0 this 2 day of May 20 17

Chairperson

DATE: 5-2 20 17

RF FAV Sub RD 2 ☐ CAL ☐

I hereby certify that the Resolution as required in Section C of Act No. 81-889 was adopted and is attached to the Bill, HB 377.

YEAS 26 NAYS 0

PATRICK HARRIS, Secretary

DATE: 5-4-17 RD 3 at length

PASSED ☐ PASSED AS AMENDED ☒

YEAS 26 NAYS 1

And was ordered returned forthwith to the House.

PATRICK HARRIS, Secretary

DATE: 20__

INDEFINITELY POSTPONED YEAS NAYS

DATE: 20__