



The ADVISOR

TEACHERS, EMPLOYEES, and JUDICIAL



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SERVING OVER 370,000 MEMBERS

May 2021

This Should Make You Sick

BY DAVID G. BRONNER

Reasonable taxes are used to provide us with the benefits of our society, from education to fire and police protection, as well as your pension and healthcare benefits.

Our past president, Donald Trump, has a serious hang-up paying taxes as do too many others. He will do whatever is necessary to avoid paying them. To that end, he spent a lot of money to hire experts who could ensure that he had the lowest tax liability possible – preferably zero. The job of his tax and legal consultants was to avoid taxes, even if their methods didn't pass the smell test. It does indeed make it difficult for those of us who pay our fair share to avoid feeling like something is desperately wrong.

Public employees at the state and federal level have fought for a fair system of taxation for all taxpayers. Sometimes they

win, and we thank them for that effort. In the early 1980s when I served as Finance Director, I worked to make the system more fair and directed the Alabama Department of Revenue to hire more auditors to audit out-of-state companies' taxes for the first time.

The IRS is so underfunded, it does not even try to audit millions of questionable deductions. For example, you can have a bank account in a foreign country and not report the account. If the abuse is too blatant, the IRS will prosecute a handful of violators in hopes of scaring the majority into following the law.

How did I get on this subject you might ask? Taxes affect you, and this chart from *The New York Times* entitled, "Dozens of big corporations paid zero in federal taxes," should make you sick! Here are the top fifteen. ●

Escaping Three Years of Taxes

These are Fortune 500 companies with enough public information to show that they were profitable in 2018, 2019, and 2020 and had a total effective federal tax rate of zero or less over these three years, according to data compiled by the Institute on Taxation and Economic Policy.

COMPANY	3-YEAR INCOME (in billions)	3-YEAR TAX RATE
Duke Energy	\$7.9	-15.5%
FedEx	\$6.9	-12.8%
Dish Network	\$6.6	-0.2%
American Electric Power	\$5.9	-3.0%
Kinder Morgan	\$4.9	-0.9%
Xcel Energy	\$4.4	-1.4%
Nike	\$4.1	-18.0%
Salesforce.com	\$4.1	-0.1%
DTE Energy	\$4.1	-11.0%
FirstEnergy	\$3.7	-1.2%
Williams	\$3.2	-4.8%
PPL	\$2.9	-1.3%
CMS Energy	\$2.5	-5.3%
Archer-Daniels-Midland	\$2.1	-0.1%
Evergy	\$2.1	-6.4%

Source: Institute on Taxation and Economic Policy THE NEW YORK TIMES

Alabama Spending on Public Pensions

BY DONALD L. YANCEY

In Alabama, as with most state and local governments, pension benefits are paid not from general operating revenues, but from trust funds to which state and local government retirees and their employers contribute during retirees' working years. In Alabama, these trusts pay out **over \$3.6 billion dollars annually** to approximately 155,500 public retirees. Since the 2008-2009 market decline, Alabama, along with most other state and local plans, have taken steps to reduce costs and to improve the financial condi-

tion of their retirement plans.

Nationwide spending on public pensions currently averages 5.2% of all state and local government spending. In Alabama, that amount is 3.15%. Both nationwide and in Alabama, pensions do not comprise a significant portion of aggregate state and local spending. The Alabama Legislature and local employers have consistently paid the full actuarially-determined cost for our pension benefits, and for that we thank them. This places Alabama in a very sound financial

position compared to states where those payments have not been made.

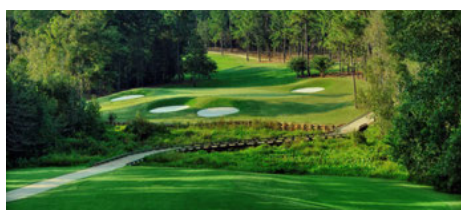
Public pensions are financed through a combination of contributions from public employers, public employees, and the investment earnings on those contributions. Since 1990, investment earnings have accounted for 61% of all public pension revenue; employer contributions, 27%; and employee contributions, 12%. As you can see, the largest portion of public pension funding comes from investment

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Magnolia Grove on the RTJ Golf Trail

BY MARK FAGAN

Mobile's Magnolia Grove (54-hole golf complex and 2nd site on the Trail) opened in 1993 in Northwest Mobile on 650 acres leased at no cost from the city of Mobile (out of 1,500-acre Miller Park). It is near the airport and the University of South Alabama (USA) along with existing commercial development. The initial access to the complex came from Schillinger Road, and a new access road was completed in 1995 from Moffett Road. This new road opened property for residential development with over 200 houses built adjacent to the golf complex.



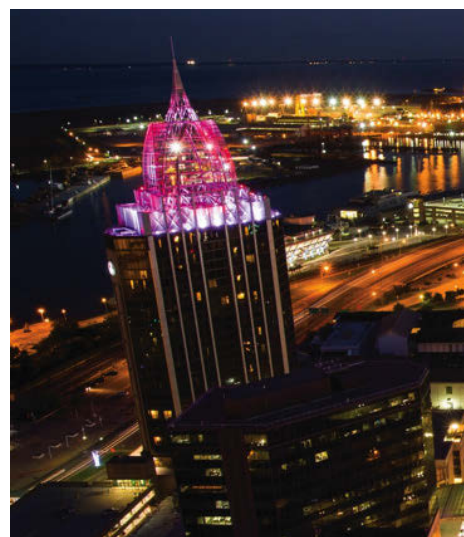
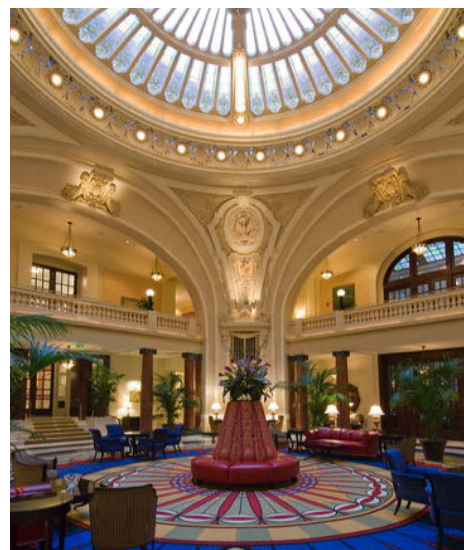
The site has a jungle environment with creeks, lakes, and undisturbed wetlands along with soft rolling sand hills, short slash pine trees, and magnolia trees. There are two 18-hole courses (Crossings and

Falls) and one 18-hole par-3 course. The Crossings course is hillier than the Falls course which plays out to a lake and small waterfall and back again. The par-3 course plays over many bulk-headed marshes. The practice range includes the University of South Alabama's golf building and practice area. There is a 36,700 sf clubhouse with pro shop, grill, and meeting rooms. It has been the site for 15 LPGA tournaments with international TV coverage on the *Golf Channel*.

The RSA owns two hotels in downtown Mobile that serve visitors to this golf complex. One is The Battle House Renaissance Mobile Hotel & Spa with 207 guest rooms, 31 suites, a historic lobby, three restaurants, two ballrooms, a spa, a lap pool, hot tub, and 35,000 sf of meeting space. There are 112 guest rooms in the original structure and 126 rooms on floors four through seven in the adjacent 35-story RSA Battle House Tower. This hotel opened in 1852, burned down in 1905, was reconstructed in 1908, and closed in 1974. The roof was ravaged by

Hurricane Frederick in 1979 which led to substantial water damage until the RSA acquired it in 2002. The RSA finished refurbishment to its original state in 2007 (one year lost from damage by Hurricane Katrina).

The RSA's second hotel is the 28-story Renaissance Mobile Riverview Plaza Hotel with 363 guest rooms, 11 suites, 32,000 sf for meetings, 14,000 sf of outdoor event space, two restaurants, swimming pool, fitness center, and a covered walkway to the Mobile Convention Center with its 317,000 sf of meeting space. Each room has a view of the Mobile River and Mobile Bay. It opened



in 1983 and was purchased by the RSA in 2004, who completed its total renovation in 2007. This included a new roof, an aluminum crown with a spire matching the RSA Battle House Tower's spire, a canopied main entrance on Royal Street, and refurbishment of all guest rooms and meeting rooms.

Magnolia Grove and the RSA's two hotels have contributed greatly to the tourism industry in Mobile. The RSA's large block of rooms (600) adjacent to the MCC has facilitated organizations' booking conferences in Mobile. The RSA's free advertising of its golf complex and hotels has essentially marketed Mobile County worldwide.

Here is the link to a video overview of Magnolia Grove and the RSA's hotels in Mobile (<https://youtu.be/-qF-Wib5L25k>). ●

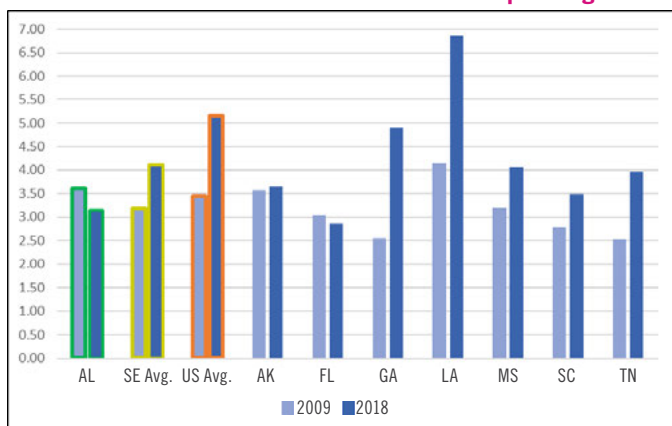
Alabama Spending on Public Pensions

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earnings, which illustrates the major role this revenue source plays in determining pension costs.

Based on the latest analysis done by the National Association of State Retirement Administrators, public pension costs in Alabama are the 14th lowest in the nation, the 2nd lowest in the Southeast, and 30 basis points below the national average. This chart shows how Alabama public pension costs compare with the U.S. and Southeast averages, and the progress Alabama has made in comparison to other states. ●

Public Pension Costs as a Percentage of all State and Local Government Spending



*2018 is the latest year for which data is available.
Source: NASRA Issue Brief: State and Local Government Spending on Public Employee Retirement Systems, Updated December 2020.

Alabama Success Story

Leveraging Technology to Serve Taxpayers During a Pandemic and Beyond

The Alabama Department of Revenue (ALDOR) has consistently and effectively leveraged technology and human resources to maximize service to taxpayers and the collection of revenues for the state of Alabama. These efforts have led to record revenue collections that have funded and continue to fund essential services provided by both state and local governments. These services have supported our state's citizens in the past, throughout the coronavirus pandemic, and beyond.

Implementation of technology critical to the delivery of these services began in 1997 with ALDOR's initial e-filing program for individual income taxpayers. This innovation was followed by the implementation of e-filing for Sales & Use Tax as well as implementation of the Department's Revenue Integrated Tax System (RITS), which allowed ALDOR to transition from its former, labor-intensive tax administration system to what is a fully automated, integrated tax administration system that has been implemented across the department. Migration to this platform enabled the electronic capture, storage, access, and sorting of collections and return information for almost every tax type administered by ALDOR. In February of 2020, RITS storage capacity was further upgraded to provide users, technicians, and programmers even faster and more nuanced access to this data, facilitating further upgrades to the system – without disruptions to services – and more targeted, effective approaches to tax administration.

Pursuant to Governor Ivey's emergency order in response to the COVID-19 pandemic, ALDOR implemented its plan to ensure essential functions could continue, while working to ensure the well-being of employees, thereby curbing the spread of the coronavirus. Within days of the implementation of social distancing requirements, ALDOR was able to equip and deploy hundreds of personnel to work remotely. As a result, employees could continue to provide essential services to taxpayers, local governments, and the like, while adhering to social distancing requirements. Because of the previous and ongoing investments in technology and

tax administration platforms, ALDOR was not only able to quickly transition to a new working environment, but was also able to ensure employees remained efficient and effective in the administration of state taxes.

The Client Services Section of the Information Technology Division was instrumental as these employees worked extremely hard installing hundreds of laptops in the span of one week, allowing many employees to work from home safely while maintaining the productivity of the Department. Several team members worked nights and weekends to expedite computers being imaged, updated, set up, and distributed in such a short time frame. This section worked tirelessly to support people using technologies such as VPN, remote desktop, Microsoft Teams, Webex, DocuSign®, and Jabber. They even made contactless deliveries to ensure employees working remotely had the equipment they needed while keeping safety a top priority.

Even with employees working remotely during this critical time, either full-time or part-time as part of rotating skeleton crews, ALDOR still managed to increase efficiency in several categories in Fiscal Year 2020. Through the dedicated

work of our professional, experienced workforce, in conjunction with technical innovations, ALDOR saw record revenue collections in recent years. Revenue collections in Fiscal Year 2020 reached an all-time high of \$12.2 billion. The processing and issuance of much-needed taxpayer refunds continued without delay, resulting in the issuance at the close of the fiscal year of over 1.1 million refunds totaling just over \$777 million.

Despite the challenges brought by the pandemic, ALDOR has been able to leverage its technological resources to implement innovative ways to continue serving the citizens of this state and to provide new and improved access for taxpayers during this critical time. While driven by the current health crisis, going forward these innovations will allow ALDOR to better serve taxpayers and serve as a springboard for even more innovative approaches toward fulfilling this mission.

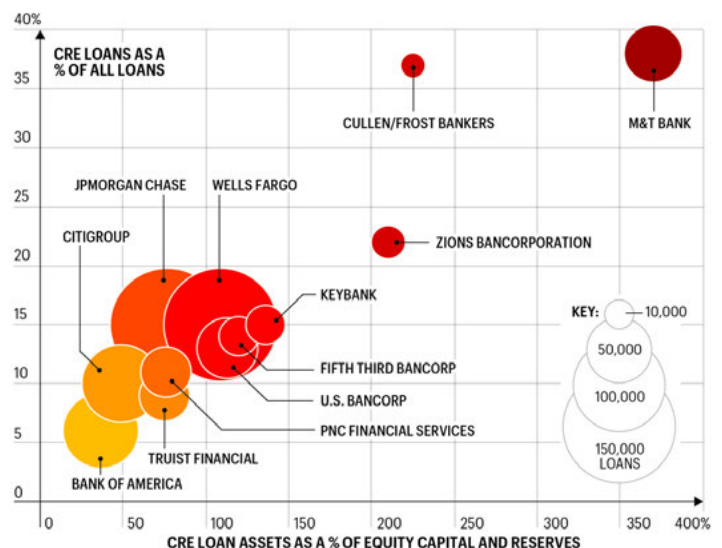
This is a series of articles about Alabama Success Stories. Please let us know if you have a similar success story you would like to share with the RSA membership. You may contact us at communication.correspondences@rsa-al.gov.

Banks' Exposure to Commercial Real Estate (CRE) Loans

BY LANCE LAMBERT, FORTUNE

CRE is the most vulnerable financial sector – with the potential to cause a shock to the system.

“Thousands of small businesses have already or will go under... That rolls up into the commercial real estate market and rolls up into the banking sector,” says Neel Kashkari, President of the Federal Reserve bank of Minneapolis. Small to midsize banks face the greatest risks.



Start Planning Your Spring/Summer Getaways at RSA's Outstanding Hotels, Spas, and RTJ Golf



Member Hotel Discounts Webpage

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The Battle House,

A Renaissance Hotel \$119

- May 5-7, 9-15, 23-31 • June 1-9, 12-14, 19-22, 25-30
- July 1, 5-6, 16-17, 21-26, 30-31

The Battle House RSA Spa Package \$207

- May 5, 10-12, 24-26, 31
- June 1-3, 7-9, 14, 21-22, 28-30 • July 5, 21

Riverview Plaza \$109

- May 5-7, 9-13, 30-31 • June 1-3, 6-10, 13-15, 19-21
- July 1, 5-6, 16-17, 25-30

Grand Hotel \$127 plus a 15% resort fee

- May 5-6, 16 • June 10, 23-24 • July 20-21, 28

Grand Hotel RSA Golf Package \$199 plus a 15% resort fee

- May 5-6, 16 • June 10, 23-24 • July 20-21, 28

Grand Hotel RSA Spa Package \$259 plus a 15% resort fee

- May 5-6 • June 10, 23-24 • July 21, 28

Marriott Shoals \$109

- May 2, 9, 16, 23, 31 • June 6, 13, 20, 27
- July 5, 11, 18, 25

Marriott Shoals RSA Spa Package \$210

- May 2, 9, 16, 23 • June 6, 13, 20, 27
- July 11, 18, 25

Renaissance Ross Bridge \$119

- May 2-6, 9-13, 16-20, 31
- June 1-3, 6-10, 13-17, 20-24, 27-30
- July 1, 5-8, 11-15, 18-21, 25-29

Renaissance Ross Bridge RSA Spa Package \$223

- May 2-5, 9-12, 16-19, 31
- June 1-2, 6-9, 13-16, 20-23, 27-30
- July 5-7, 11-14, 18-21, 25-28

Auburn/Opelika Marriott Resort \$109

- May 2-6, 9-13, 16-20, 23-27, 30-31
- June 1-3, 6, 9-10, 13-17, 20-24, 27-30
- July 1, 5-7, 11, 14-15, 18-22, 25-27

Auburn/Opelika Marriott Resort RSA Spa Package \$201

- May 5-6, 12-13, 19-20, 26-27
- June 2-3, 9-10, 16-17, 20, 23-24, 30
- July 7, 14-15, 21-22, 28-29

Prattville Marriott \$89

- May 2-6, 10-12, 16-18, 22-25, 27, 29-31
- June 1-3, 5-9, 13-16, 20-24, 27-30
- July 3-8, 11-15, 18-20, 31

Renaissance Montgomery \$119

- May 2-6, 8-9, 15-16, 20-21, 31
- June 4-7, 13-14, 20-24, 26-30
- July 1-10, 12-15, 24-25, 29-31

Renaissance Montgomery RSA Spa Package \$223

- May 4-6, 15, 19-20 • June 4-5, 22-24, 29-30
- July 1-2, 6-9, 13-15, 29-30

Specific room requests may require additional charge.
Rates available the 1st of the month and are not applicable to groups.

800.228.9290 Ask for RSA rate. **Promotional Code: R2A** on www.rsa-al.gov
Book Online and Save RSA \$4.

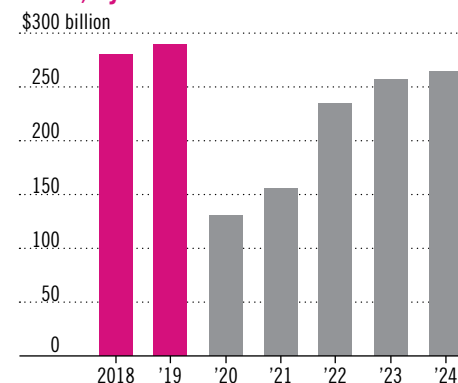


Candidates Sought for Six TRS Board Positions

Candidates are being sought for six positions on the TRS Board of Control: Teacher Position No. 1, held by Amy Crew; Teacher Position No. 2, held by Ricky Whaley; Support Personnel Position No. 1, held by Susan Lockridge; Postsecondary Position, held by Susan Williams Brown; Retired Position No. 1, held by Peggy Mobley; and Higher Education Position No. 1, held by Joseph Van Matre. Elected members will begin their three-year term of service on July 1, 2022.

Nomination packets are available at www.rsa-al.gov or by contacting the Elections Coordinator at 334.517.7192 or 877.517.0020. The completed packet must be returned to the TRS office no later than 4:00 p.m., September 7, 2021. ●

Direct Business Travel Spending in U.S., by U.S. Residents*



*2020-2024 figures reflect Nov. 2020 forecast.
Sources: Labor Department (employment); U.S. Travel Association (spending)



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