

Senate Bill 156

By: Senators Balfour of the 9th, Cowsert of the 46th, Hawkins of the 49th and Stoner of the 6th

A BILL TO BE ENTITLED
AN ACT

1 To amend Article 2 of Chapter 20 of Title 47 of the Official Code of Georgia Annotated,
2 relating to minimum funding standards for public retirement systems, so as to provide that
3 counties, municipal corporations, and other political subdivisions may provide
4 post-employment benefits other than retirement or pension benefits; to define certain terms;
5 to provide that such plans may be prefunded to comply with certain financial reporting,
6 disclosure, and actuarial requirements; to provide that such funds shall be held in trust for
7 the intended purpose; to provide that such funds are declared to be public property exempt
8 from state and local taxation; to provide for related matters; to repeal conflicting laws; and
9 for other purposes.

10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

11 **SECTION 1.**

12 Article 2 of Chapter 20 of Title 47 of the Official Code of Georgia Annotated, relating to
13 minimum funding standards for public retirement systems, is amended by revising subsection
14 (h) of Code Section 47-20-10, relating to minimum annual employer contributions, as
15 follows:

16 "(h) The minimum funding requirements of this Code section shall not apply to
17 prefunding, in whole or in part, of anticipated future costs of providing health care benefits
18 and related expenses including, without limitation, provision of all or part of the cost of
19 health insurance coverage and health maintenance organization participation costs for
20 retired employees of a political subdivision including those presently retired and those
21 anticipated to retire in the future, as provided in Code Section 47-20-10.1. Such prefunding
22 may be maintained as part of the same investment pool as the fund receiving employer and
23 employee contributions to pay the cost of providing retirement benefits under any
24 retirement system maintained by the political subdivision for its employees so long as such
25 funds are separately accounted for and separate records are maintained with respect to each
26 fund. Funds maintained by a political subdivision for the purpose of prefunding health care

1 benefits for retired employees may be invested and reinvested in accordance with the
2 provisions of Code Section 47-1-12, and, for the purposes of that Code section and the
3 home rule provisions of the laws and the Constitution of the State of Georgia, such funds
4 shall be considered retirement funds."

5 **SECTION 2.**

6 Said article is further amended by inserting after Code Section 47-20-10 a new Code section
7 to read as follows:

8 "47-20-10.1.

9 (a) Political subdivisions are authorized to create retiree health benefit plans to provide for
10 payment of covered post-employment health care expenses for their eligible present and
11 future retirees and other related expenses as described herein. Such plans may be
12 prefunded by irrevocable trusts or other authorized funding mechanisms to enable the
13 political subdivision to comply with the financial reporting, disclosure, and actuarial
14 requirements of Governmental Accounting Standards Board Statements Number 43 and
15 Number 45 or any subsequent Governmental Accounting Standards Board updates or
16 statements that may be applicable. The plan and assets of any trust or fund so established
17 shall be under the governance and investment authority of a retirement system maintained
18 by the political subdivision or other board of trustees established for such purpose. The
19 prefunded amounts shall be available without fiscal year limitations for other
20 post-employment benefits, as defined by Governmental Accounting Standards Board
21 Statements Number 43 and Number 45, and administration costs. All employer
22 contributions, employee contributions, appropriations, earnings, and reserves for the
23 payment of obligations under the plan shall be credited to such trust or fund. The amounts
24 remaining in such trust or fund, if any, after covered other post-employment benefit
25 expenses and administration costs have been paid shall be retained in such trust or fund as
26 a special reserve for adverse fluctuation. All prefunded amounts shall be used solely for
27 the payment of plan obligations and for no other purpose.

28 (b) Prefunded assets of whatever kind or nature of any other post-employment benefit plan
29 or trust, and the earnings or proceeds derived from such investments or assets, are limited
30 to paying covered other post-employment benefit expenses and are declared to be public
31 property and exempt from taxation by this state, or by any political subdivision of this state,
32 and exempt from levy and sale, garnishment, attachment, or any other process whatsoever."

33 **SECTION 3.**

34 All laws and parts of laws in conflict with this Act are repealed.