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**FISCAL NOTE**

Senate Bill 187 as introduced would enact the State Employees' Retirees' Trust Fund Funding Act of 2022, which provides for the creation of an irrevocable trust (the "State Employee Retirees' Trust Fund") to be managed and controlled by the trustees of the State Employees' Retirement System (ERS) Board of Control for the purpose of providing periodic bonus checks to state employee retirees and their beneficiaries. This bill provides that contributions to the trust may include the following: (1) investment income; (2) proceeds of any gifts, grants, or contributions; (3) revenue sources as directed by the Legislature; and (4) revenue sources other than direct appropriations by the Legislature. This bill further provides that in addition to providing periodic bonus checks, funds in the trust may only be used to: (1) acquire permitted investments; (2) pay administrative expenses; and (3) pay the expenses of making and disposing of investments, legal expenses referable to a particular transaction, transfer taxes, and other customary transactional expenses with respect to a trust.

In addition, this bill provides that upon certification from the ERS actuary that the assets of the trust fund are sufficient to fund periodic bonus checks as provided for by legislation granting the periodic bonus checks, the trustees shall transfer the amount certified by the Board of Control to the ERS to fund those bonuses or increases.

This bill further provides that: (1) the Legislature may not appropriate the assets of the trust fund; (2) all assets and income of the trust are exempt from state taxation; and (3) distributions from the trust are not considered taxable income to the retired employees or their beneficiaries.

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Greg Albritton, Chairperson  
Finance and Taxation General Fund