



State of Tennessee

PUBLIC CHAPTER NO. 156

SENATE BILL NO. 8

By Bailey

Substituted for: House Bill No. 161

By Williams

AN ACT to amend Tennessee Code Annotated, Title 8, Chapter 34; Title 8, Chapter 35; Title 8, Chapter 36 and Title 8, Chapter 37, relative to retirement.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 8-35-248, is amended by deleting the section and substituting instead the following:

(a) Except as otherwise expressly provided by law, should any department, agency, or instrumentality of a participating political subdivision become a separate local governmental entity from the political subdivision, the employees of such entity are not entitled to future membership in the retirement system on account of continued service with the entity unless the chief governing body of the entity elects to become a participating employer pursuant to § 8-35-201.

(b) Upon such election, the chief governing body of the political subdivision may request the retirement system to have an actuarial study conducted to determine the share of the assets of the retirement system attributable to contributions of the political subdivision that would be needed for the entity to maintain a comparable employer contribution rate or funding level as the political subdivision as of the date of separation. Upon receipt of the actuarial study, the chief governing body of the political subdivision has the authority to pass and file with the retirement system a resolution requesting that such amount be transferred from the credit of the political subdivision to the entity.

(c)(1) The chief governing body of the political subdivision may also request the retirement system to have an actuarial study conducted, at the political subdivision's expense, to determine the share of the assets of the retirement system and associated liabilities attributable to the new political subdivision for the time period before or after a department, agency, or instrumentality of the political subdivision became a separate governmental entity participating in the retirement system.

(2) The actuarial study must calculate the political subdivision's pension liability for this period of time based on the following factors:

- (A) Review of assets and liabilities;
- (B) Member creditable service;
- (C) Demographics and salaries;
- (D) Required and optional plan provisions;
- (E) Contributions made;
- (F) Investment earnings; and

(G) Any other factors that will assist in determining the political subdivision's pension obligations before a part of it became a separate entity.

(3) Based on the results of the actuarial study, the political subdivision and the entity, in consultation with the actuary, may determine payment of the entity's pension liabilities using all, any one (1), or a combination of the factors contained in the actuarial study. The actuary shall compare this calculation to the new entity's assets, liabilities, and the structure and solvency of any of its other pension plans.

(4) Upon receipt of the actuarial study, the chief governing bodies of the political subdivision and the entity have the authority to pass and file with the retirement system resolutions, acceptable to the retirement system in both form and substance, requesting that all or a portion of the assets and the liabilities associated thereto contributed by the political subdivision to fund the pension liability that was accrued while the entity was a part of the political subdivision, be transferred from the retirement system account of the political subdivision to the retirement system account of the new entity. Such transfer must include some or all of the assets with the associated liabilities which may include, without limitation, employer contributions or investment earnings.

(5) Prior to the transfer of some or all of the assets and the associated liabilities from the political subdivision to the new governmental entity, the state treasurer may approve such a request if the political subdivision demonstrates that such a transfer would not negatively impact the long-term solvency of the entity. The state treasurer may require the political subdivision and the entity to provide documentation, including, but not limited to, financial statements, actuarial assessments, and an opinion of an independent actuary.

(d) Any amounts transferred pursuant to this section are considered retirement system assets of the new governmental entity pursuant to chapters 34-37 of this title, and shall not be used for any other purposes.

SECTION 2. This act shall take effect upon becoming a law, the public welfare requiring it.

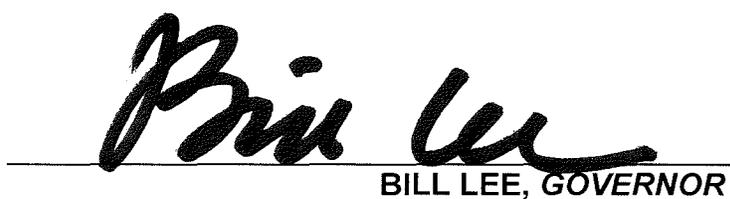
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PASSED: April 5, 2021


RANDY McNALLY
SPEAKER OF THE SENATE


CAMERON SEXTON, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 20th day of April 2021


BILL LEE, GOVERNOR