Replace line 7 on page 1 with the following:

beginning October 1, 2026.

This bill would also provide for a funded one-time longevity bonus for certain retirees and beneficiaries of the Employees' Retirement System.

Replace line 14 on page 1 with the following:

employees for the fiscal year beginning October 1, 2026; and to provide for a funded one-time longevity bonus addition to the retirement benefits of certain retirees and beneficiaries of the Employees' Retirement System.

Replace line 16 on page 1 with the following:

Section 1. (a) Beginning with the first pay day on or after

Replace lines 29 through 30 on page 2 with the following:

(b)(1) Any cost-of-living increase granted under this section shall in no way apply to any local supplement

Replace line 33 on page 2 with the following:

(2) This section shall not apply to any Merit System

Replace line 36 on page 2 with the following:

(c) The Director of the State Personnel

Replace line 46 on page 2 with the following:

this section, and shall certify the same to the State Comptroller,

Replace line 54 on page 2 with the following:

increase provided in this section and shall certify the same to

Replace line 57 on page 3 with the following:

(d) It is not the intent of this section to make

Replace lines 58 through 61 on page 3 with the following:

appropriations, but the appropriations required by this section shall be made in the annual budget act for the affected entities.

Section 2. (a)(1) There is provided a funded one-time lump-sum payment, hereinafter referred to as longevity bonus, to each individual except those whose employer participated in the Employees' Retirement System pursuant to Sections 36-27-6, 36-27-7, and 36-27-7.1, Code of Alabama 1975, whose effective date of retirement for purposes of receiving benefits from the Employees' Retirement System is prior to October 1, 2025, and who is receiving or is entitled to receive a monthly allowance from the Employees' Retirement System on September 30, 2026.

(2) The formula for calculating the longevity bonus shall be one dollar ($1) per month for each year of service attained by the retiree.

(3) Beneficiaries of deceased members or deceased retirees, except where the deceased member or deceased retiree retired from an employer participating in the Employees' Retirement System pursuant to Sections 36-27-6, 36-27-7, and 36-27-7.1, Code of Alabama 1975, if the beneficiary is receiving or is entitled to receive a monthly allowance from the Employees' Retirement System on September 30, 2026, shall receive a bonus payment.

(4) For purposes of this section, service includes the service under Section 36-27-1 and Article 9, commencing with Section 36-27-170, of Chapter 27, Title 36, Code of Alabama 1975, as well as state police bonus

credit or hazardous duty (FLC bonus) credit.

(b)(1) Each individual whose employer participated in the Employees' Retirement System pursuant to Sections 36-27-6, 36-27-7, and 36-27-7.1, Code of Alabama 1975, whose effective date of retirement for purposes of receiving benefits from the Employees' Retirement System is prior to October 1, 2025, and who is receiving or is entitled to receive a monthly allowance from the Employees' Retirement System on September 30, 2026, shall receive the longevity bonus specified in subdivisions (a)(1) and (a)(2), if the employer elects to come under this section by official resolution on or before August 31, 2026. Any employer making the election to come under this section shall bear the cost of the longevity bonus paid to its retirees pursuant to this subsection.

(2) If the employer elects to come under this section, beneficiaries of deceased members or deceased retirees retired from an employer participating in the Employees' Retirement System pursuant to Sections 36-27-6, 36-27-7, and 36-27-7.1, Code of Alabama 1975, if the beneficiary is receiving or is eligible to receive a monthly allowance from the Employees' Retirement System on September 30, 2026, shall receive a bonus payment.

(c)(1) Any retired pensioner or annuitant who retired from a city, town, county, or public or quasi-public organization of the state before the city, town, county, or public or quasi-public organization of the state became a member of the Employees' Retirement System, and who is receiving or is entitled to receive a monthly allowance from the Employees' Retirement System on September 30, 2026, shall receive the longevity bonus stipulated in subdivisions (a)(1) and (a)(2), provided the employer elects to come under this section. Any employer making the election to come under this section shall bear the cost of the longevity bonus paid to its retirees pursuant to this subsection and provide the Employees' Retirement System with the number of years of creditable service earned by each of its eligible pensioners and annuitants.

(2) Beneficiaries of Employees' Retirement System pensioners or annuitants described in subdivision (1) shall receive a longevity bonus, provided the date of death for the deceased pensioner or annuitant, or the effective date of retirement for the deceased pensioner or annuitant, was prior to October 1, 2025, and the beneficiary is receiving or is entitled to receive a monthly allowance from the Employees' Retirement System on September 30, 2026, and the local unit elects to fund

the longevity bonus and provides the Employees' Retirement System with the number of years of creditable service earned by each of its eligible pensioners and annuitants.

(d) Any person who received benefits under the Medicaid program and whose eligibility for Medicaid benefits would be impaired by the longevity bonus provided by this section shall not be entitled to receive the aforementioned increase. Any person who subsequently applies for benefits under the Medicaid program, and that person's eligibility to receive benefits is impaired by the longevity bonus provided by this section, shall not be entitled to receive the increase subsequent to the date that the member files application for benefits under the Medicaid program.

(e) The Board of Control of the Employees' Retirement System shall determine the amount required to pay the cost of the longevity bonus provided under this section and shall notify the chief fiscal officer of each employer of that cost. The employer shall either pay the full cost in a lump sum or, for the fiscal year beginning October 1, 2027, only, pay the increase in the employer rate in the same manner and from the same source of funds as salaries of active members are paid.

(f)(1) Unless otherwise provided in subdivision (2), the longevity bonuses provided under this section shall be paid to all eligible recipients by the Employees' Retirement System in October 2026.

(2) For all eligible recipients whose employer participated in the Employees' Retirement System pursuant to Sections 36-27-6, 36-27-7, and 36-27-7.1, Code of Alabama 1975, the longevity bonuses provided under this section shall be paid by the Employees' Retirement System in October 2026.

Section 3. This act shall become effective immediately