

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

H.B. 183
Feb 22, 2017
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH10062-MR-6 (11/28)

Short Title: Retirement Admin. Changes Act of 2017.-AB (Public)

Sponsors: Representatives Collins, Ross, and McNeill (Primary Sponsors).

Referred to:

A BILL TO BE ENTITLED

AN ACT TO MAKE CLARIFYING AND ADMINISTRATIVE CHANGES TO THE
TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM AND THE LOCAL
GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM LAWS AND RELATED
STATUTES.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 58-86-90 reads as rewritten:

"§ 58-86-90. Exemptions of pensions from attachment; rights nonassignable.

Except for the applications of the provisions of G.S. 110-136, and in connection with a court-ordered equitable distribution under G.S. 50-20, the pensions provided are not subject to attachment, garnishments or judgments against the firefighter or rescue squad worker entitled to them, nor are any rights in the fund or the pensions or benefits assignable. Notwithstanding any provisions to the contrary, any overpayment of benefits to a member in a State-administered retirement system, the Disability Salary Continuation Plan, or the Disability Income Plan of North Carolina, including any benefits paid to, or State Health Plan premiums paid on behalf of, any member who is later determined to have been ineligible for those benefits, may be offset against any retirement allowance, return of contributions, or any other right accruing under this Article to the same person, the person's estate, or designated beneficiary."

SECTION 1.(b) G.S. 135-5(n) reads as rewritten:

"(n) No action shall be commenced against the State or the Retirement System by any retired member or beneficiary respecting any deficiency in the payment of benefits more than three years after such deficient payment was made, and no action shall be commenced by the State or the Retirement System against any retired member or former member or beneficiary respecting any overpayment of benefits or contributions more than three years after such overpayment was made. This subsection does not affect the right of the Retirement System to recoup overpaid benefits as provided in G.S. 135-9."

SECTION 1.(c) G.S. 128-27(i) reads as rewritten:

"(i) No action shall be commenced against the State or the Retirement System by any retired member or beneficiary respecting any deficiency in the payment of benefits more than three years after such deficient payment was made, and no action shall be commenced by the State or the Retirement System against any retired member or former member or beneficiary respecting any overpayment of benefits or contributions more than three years after such overpayment was made. This subsection does not affect the right of the Retirement System to recoup overpaid benefits as provided in G.S. 128-31."

SECTION 2.(a) G.S. 135-8(a) reads as rewritten:



1 "(a) Funds to Which Assets of Retirement System Credited. – All of the assets of the
2 Retirement System shall be credited according to the purpose for which they are held to one of
3 ~~four funds, namely, the annuity savings fund, the annuity reserve fund, the pension accumulation~~
4 ~~fund, and the pension reserve fund.~~ of two funds, namely, the annuity savings fund and the pension
5 accumulation fund."

6 **SECTION 2.(b)** G.S. 135-8(b)(1) reads as rewritten:

7 "(1) ~~Prior to the first day of July, 1947, each employer shall cause to be deducted~~
8 ~~from the salary of each member on each and every payroll of such employer for~~
9 ~~each and every payroll period four per centum (4%) of his actual compensation;~~
10 ~~and the employer also shall deduct four per centum (4%) of any compensation~~
11 ~~received by any member for teaching in public schools, or in any of the~~
12 ~~institutions, agencies or departments of the State, from salaries other than the~~
13 ~~appropriations from the State of North Carolina. On and after such date the rate~~
14 ~~so deducted shall be five per centum (5%) of actual compensation except that,~~
15 ~~with respect to each member who is eligible for coverage under the Social~~
16 ~~Security Act in accordance with the agreement entered into during 1955 in~~
17 ~~accordance with the provisions of Article 2 of Chapter 135 of Volume 17 of the~~
18 ~~General Statutes, as amended, and with respect to members covered under~~
19 ~~G.S. 135-27, with such coverage retroactive to January 1, 1955, such deduction~~
20 ~~shall, commencing with the first day of the period of service with respect to~~
21 ~~which such agreement is effective, be at the rate of three per centum (3%) of the~~
22 ~~part of his actual compensation not in excess of the amount taxable to him~~
23 ~~under the Federal Insurance Contributions Act as from time to time in effect~~
24 ~~plus five per centum (5%) of the part of his earnable compensation not so~~
25 ~~taxable; provided that in the case of any member so eligible and receiving~~
26 ~~compensation from two or more employers such deductions may be adjusted~~
27 ~~under such rules as the Board of Trustees may establish so as to be as nearly~~
28 ~~equivalent as practicable to the deductions which would have been made had~~
29 ~~the member received all of such compensation from one employer.~~
30 ~~Notwithstanding the foregoing, the Board of Trustees may in its discretion~~
31 ~~cause such portion as it may determine of deductions made between January 1,~~
32 ~~1955, and December 1, 1955, to be transferred into the contribution fund~~
33 ~~established under G.S. 135-24; such amounts so transferred shall in that event~~
34 ~~be deemed to be taxes contributed by employees as required under Article 2,~~
35 ~~Chapter 135 of Volume 17 of the General Statutes as amended, and shall be in~~
36 ~~lieu of contributions otherwise payable in the same amount as so required.~~

37 Notwithstanding the foregoing, effective July 1, 1963, with respect to the
38 period of service commencing on July 1, 1963, and ending December 31, 1965,
39 the rates of such deduction shall be four per centum (4%) of the portion of
40 compensation not in excess of forty eight hundred dollars (\$4,800) and six per
41 centum (6%) of the portion of compensation in excess of forty eight hundred
42 dollars (\$4,800); and with respect to the period of service commencing January
43 1, 1966, and ending June 30, 1967, the rate of such deductions shall be four per
44 centum (4%) of the portion of compensation not in excess of fifty six hundred
45 dollars (\$5,600) and six per centum (6%) of the portion of compensation in
46 excess of fifty six hundred dollars (\$5,600); and with respect to the period of
47 service commencing July 1, 1967, and ending June 30, 1975, the rate of such
48 deductions shall be five per centum (5%) of the portion of compensation not in
49 excess of fifty six hundred dollars (\$5,600) and six per centum (6%) of the
50 portion of compensation in excess of fifty six hundred dollars (\$5,600). Such

1 rates shall apply uniformly to all members of the Retirement System, without
2 regard to their coverage under the Social Security Act.

3 Notwithstanding the foregoing, effective July 1, 1975, ~~with~~With respect to
4 the period of service commencing on July 1, 1975, ~~the rate of such deductions~~
5 ~~shall be each employer shall deduct from the salary of each member on every~~
6 ~~payroll of the employer for every payroll period, six per centum (6%) of the~~
7 compensation received by any member. Such rates shall apply uniformly to all
8 members of the Retirement System, without regard to their coverage under the
9 Social Security Act."

10 **SECTION 2.(c)** G.S. 128-30(a) reads as rewritten:

11 "(a) Funds to Which Assets of Retirement System Credited. – All of the assets of the
12 Retirement System shall be credited according to the purpose for which they are held to one of
13 ~~five~~three funds, namely, the annuity savings fund, ~~the annuity reserve fund, the pension~~
14 ~~accumulation fund, the pension reserve fund and the expense fund."~~

15 **SECTION 2.(d)** G.S. 128-30(b)(1) reads as rewritten:

16 "(1) ~~Prior to July 1, 1951, each participating employer shall cause to be deducted~~
17 ~~from the salary of each member of each and every payroll of such employer for~~
18 ~~each and every payroll period four per centum (4%) of his earnable~~
19 ~~compensation. On and after such date the rate so deducted shall be five per~~
20 ~~centum (5%) in the case of a Class A member or a Class C member, and four~~
21 ~~per centum (4%) in the case of a Class B member; provided, however, that with~~
22 ~~respect to any member who is covered under the Social Security Act in~~
23 ~~accordance with the agreement entered into during 1955 in accordance with the~~
24 ~~provisions of Article 2 of Chapter 135 of Volume 17 of the General Statutes, as~~
25 ~~amended, such deduction shall, commencing with the first day of the period of~~
26 ~~service with respect to which such agreement is effective, be at the rate of three~~
27 ~~per centum (3%) of the part of his actual compensation not in excess of the~~
28 ~~amount taxable to him under the Federal Insurance Contributions Act as from~~
29 ~~time to time in effect plus five per centum (5%) of the part of his actual~~
30 ~~compensation not so taxable; provided that in the case of any member so~~
31 ~~eligible and receiving compensation from two or more employers such~~
32 ~~deductions may be adjusted under such rules as the Board of Trustees may~~
33 ~~establish so as to be as nearly equivalent as practicable to the deductions which~~
34 ~~would have been made had the member received all of such compensation from~~
35 ~~one employer. Notwithstanding the foregoing, the Board of Trustees may in its~~
36 ~~discretion cause such portion as it may determine of deductions made between~~
37 ~~January 1, 1955, and December 1, 1955, to be transferred into the contribution~~
38 ~~fund established under G.S. 135-24, such amounts so transferred shall in that~~
39 ~~event be deemed to be taxes contributed by employees as required under Article~~
40 ~~2 of Chapter 135 of Volume 17 of the General Statutes, as amended, and shall~~
41 ~~be in lieu of contributions otherwise payable in the same amount as so required.~~
42 ~~In determining the amount earned by a member whose compensation is derived~~
43 ~~partly or wholly from fees, such member shall submit a sworn statement to his~~
44 ~~employer monthly, or at least quarterly, each year as to the amount of fees~~
45 ~~received by such member as compensation during the period, and each month,~~
46 ~~or at least quarterly, such member shall pay to his employer the proper per~~
47 ~~centum of such compensation received from fees, which shall be considered as~~
48 ~~deductions by the employer as provided in subdivisions (1) and (2) of this~~
49 ~~subsection.~~

50 Notwithstanding the foregoing, effective July 1, 1965, with respect to the
51 period of service commencing on July 1, 1965, and ending December 31, 1965,

1 the rates of such deductions shall be four per centum (4%) of the portion of
 2 compensation not in excess of forty eight hundred dollars (\$4,800) and six per
 3 centum (6%) of the portion of compensation in excess of forty eight hundred
 4 dollars (\$4,800); and with respect to the period of service commencing January
 5 1, 1966, and ending June 30, 1967, the rate of such deduction shall be four per
 6 centum (4%) of the portion of compensation not in excess of fifty six hundred
 7 dollars (\$5,600) and six per centum (6%) of the portion of compensation in
 8 excess of fifty six hundred dollars (\$5,600); and with respect to the period of
 9 service commencing July 1, 1967, and ending June 30, 1976, the rate of such
 10 deductions shall be five per centum (5%) of the portion of compensation not in
 11 excess of five thousand six hundred dollars (\$5,600) and six per centum (6%)
 12 of the portion of compensation in excess of five thousand six hundred dollars
 13 (\$5,600). Such rates shall apply uniformly to all members of the Retirement
 14 System, irrespective of class.

15 Notwithstanding the foregoing, effective July 1, 1976, with respect to
 16 compensation paid on and after July 1, 1976, each employer shall deduct from
 17 the salary of each member on every payroll of the employer for every payroll
 18 period, the rate of such deductions shall be six per centum (6%) of the
 19 compensation received by any member. Such rates shall apply uniformly to all
 20 members of the Retirement System, irrespective of class."

21 **SECTION 2.(e)** G.S. 135-8(b)(4) is repealed.

22 **SECTION 2.(f)** G.S. 135-8(c) is repealed.

23 **SECTION 2.(g)** G.S. 128-30(c) is repealed.

24 **SECTION 2.(h)** G.S. 135-8(d) reads as written:

25 "(d) Pension Accumulation Fund. – The pension accumulation fund shall be the fund in
 26 which shall be accumulated all reserves for the payment of all pensions and other benefits payable
 27 from contribution made by employers and from which shall be paid all pensions and other benefits
 28 on account of members with prior service credit. Contributions to and payments from the pension
 29 accumulation fund shall be made as follows:

30 (1) On account of each member there shall be paid in the pension accumulation
 31 fund by employers an amount equal to a certain percentage of the actual
 32 compensation of each member to be known as the "normal contribution," and
 33 an additional amount equal to a percentage of ~~his~~the member's actual
 34 compensation to be known as the "accrued liability contribution." The rate per
 35 centum of such contributions shall be fixed on the basis of the liabilities of the
 36 Retirement System as shown by actuarial valuation. ~~Until the first valuation the~~
 37 ~~normal contribution shall be two and fifty seven one hundredths percent~~
 38 ~~(2.57%) for teachers, and one and fifty seven one hundredths percent (1.57%)~~
 39 ~~for State employees, and the accrued liability contribution shall be two and~~
 40 ~~ninety four one hundredths percent (2.94%) for teachers and one and fifty nine~~
 41 ~~one hundredths percent (1.59%) of the salary of other State~~
 42 ~~employees.~~valuation, duly approved by the Board of Trustees, and shall be
 43 called the "actuarially determined employer contribution rate."

44 (2) ~~On the basis of regular interest and of such mortality and other tables as shall be~~
 45 ~~adopted by the Board of Trustees, the actuary engaged by the Board to make~~
 46 ~~each valuation required by this Chapter during the period over which the~~
 47 ~~accrued liability contribution is payable, immediately after making such~~
 48 ~~valuation, shall determine the uniform and constant percentage of the earnable~~
 49 ~~compensation of the average new entrant throughout his entire period of active~~
 50 ~~service which would be sufficient to provide for the payment of any pension~~
 51 ~~payable on his account. The rate per centum so determined shall be known as~~

1 the "normal contribution" rate. After the accrued liability contribution has
2 ceased to be payable, the normal contribution rate shall be the rate per centum
3 of the earnable salary of all members obtained by deducting from the total
4 liabilities of the pension accumulation fund the amount of the funds in hand to
5 the credit of that fund and dividing the remainder by one per centum of the
6 present value of the prospective future salaries of all members as computed on
7 the basis of the mortality and service tables adopted by the Board of Trustees
8 and regular interest. The normal rate of contribution shall be determined by the
9 actuary after each valuation.

10 (2a) The actuarially determined employer contribution rate shall be calculated
11 annually by the actuary using assumptions and a cost method approved by the
12 Actuarial Standards Board of the American Academy of Actuaries and selected
13 by the Board of Trustees.

14 (3) ~~Immediately succeeding the first valuation the actuary engaged by the Board of~~
15 ~~Trustees shall compute the rate per centum of the total annual compensation of~~
16 ~~all members which is equivalent to four percent (4%) of the amount of the total~~
17 ~~pension liability on account of all members and beneficiaries which is not~~
18 ~~dischargeable by the aforesaid normal contribution made on account of such~~
19 ~~members during the remainder of their active service. The rate per centum~~
20 ~~originally so determined shall be known as the "accrued liability contribution"~~
21 ~~rate. Such rate shall be increased on the basis of subsequent valuations if~~
22 ~~benefits are increased over those included in the valuation on the basis of which~~
23 ~~the original accrued liability contribution rate was determined. Upon~~
24 ~~certification by the actuary engaged by the Board of Trustees that the accrued~~
25 ~~liability contribution rate may be reduced without impairing the Retirement~~
26 ~~System, the Board of Trustees may cause the accrued liability contribution rate~~
27 ~~to be reduced.~~

28 (3a) Notwithstanding Chapter 150B of the General Statutes, the total amount
29 payable in each year to the pension accumulation fund shall not be less than the
30 sum of the rate per centum known as the actuarially determined employer
31 contribution rate of the total earned compensation of all members during the
32 preceding year as adjusted higher under a contribution rate policy adopted by
33 the Board of Trustees and known as the "required employer contribution" rate.
34 The Board of Trustees shall not adopt a contribution rate policy that results in a
35 rate less than the normal contribution rate.

36 (4) ~~The total amount payable in each year to the pension accumulation fund shall~~
37 ~~not be less than the sum of the rate per centum known as the normal~~
38 ~~contribution rate and the accrued liability contribution rate of the total actual~~
39 ~~compensation of all members during the preceding year: Provided, however,~~
40 ~~that, subject to the provisions of subdivision (3) of this subsection the amount~~
41 ~~of each annual accrued liability contribution shall be at least three percent (3%)~~
42 ~~greater than the preceding annual accrued liability payment, and that the~~
43 ~~aggregate payment by employers shall be sufficient, when combined with the~~
44 ~~amount in the fund, to provide the pensions and other benefits payable out of~~
45 ~~the fund during the year then current.~~

46 (5) ~~The accrued liability contribution shall be discontinued as soon as the~~
47 ~~accumulated reserve in the pension accumulation fund shall equal the present~~
48 ~~value as actuarially computed and approved by the Board of Trustees, of the~~
49 ~~total liability of such fund less the present value, computed on the basis of the~~
50 ~~normal contribution rate then in force, of the prospective normal contributions~~
51 ~~to be received on account of all persons who are at the time members.~~

- 1 (6) All pensions, and benefits in lieu thereof, ~~with the exception of those payable~~
2 ~~on account of members who received no prior service allowance, thereof~~
3 payable from contributions of employer shall be paid from the pension
4 accumulation fund.
- 5 (7) ~~Upon the retirement of a member not entitled to credit for prior service, an~~
6 ~~amount equal to his pension reserve shall be transferred from the pension~~
7 ~~accumulation fund to the pension reserve fund."~~

8 **SECTION 2.(i)** G.S. 128-30(d) reads as rewritten:

9 "(d) Pension Accumulation Fund. – The pension accumulation fund shall be the fund in
10 which shall be accumulated all reserves for the payment of all pensions and other benefits payable
11 from contributions made by employers and from which shall be paid all pensions and other
12 benefits on account of members with prior service credit. Contributions to and payments from the
13 pension accumulation fund shall be made as follows:

- 14 (1) Each participating employer shall pay to the pension accumulation fund
15 monthly, or at such other intervals as may be agreed upon with the Board of
16 Trustees, an amount equal to a certain percentage of the actual compensation of
17 each member, to be known as the "normal contribution" and an additional
18 amount equal to a percentage of ~~his~~the member's actual compensation to be
19 known as the "accrued liability contribution." The rate per centum of such
20 contributions shall be fixed on the basis of the liabilities of the Retirement
21 System as shown by actuarial ~~valuation. Until the first valuation for any~~
22 ~~employer whose participation commenced prior to July 1, 1951, the normal~~
23 ~~contribution shall be three percent (3%) for general employees and five percent~~
24 ~~(5%) for firemen and policemen, and the accrued liability contribution shall be~~
25 ~~three percent (3%) for general employees and six percent (6%) for firemen and~~
26 ~~policemen. Until the first valuation for any employer whose participation~~
27 ~~commenced on or after July 1, 1951, the normal contribution shall be four~~
28 ~~percent (4%) for general employees and six and two thirds percent (6 2/3%) for~~
29 ~~firemen and policemen, and the accrued liability contribution shall be four~~
30 ~~percent (4%) for general employees and eight percent (8%) for firemen and~~
31 ~~policemen.~~valuation and duly approved by the Board of Trustees, which shall
32 be called the "actuarially determined employer contribution rate."

- 33 (2) ~~On the basis of regular interest and of such mortality and other tables as shall be~~
34 ~~adopted by the Board of Trustees, the actuary engaged by the Board to make~~
35 ~~each valuation required by this Article during the period over which the accrued~~
36 ~~liability contribution is payable, immediately after making such valuation, shall~~
37 ~~determine the uniform and constant percentage of the actual compensation of~~
38 ~~the average new entrant throughout his entire period of active service which~~
39 ~~would be sufficient to provide for the payment of any pension payable on his~~
40 ~~account and for the pro rata share of the cost of administration of the~~
41 ~~Retirement System. The rate per centum so determined shall be known as the~~
42 ~~"normal contribution" rate. After the accrued liability contribution has ceased to~~
43 ~~be payable, the normal contribution rate shall be the rate per centum of the~~
44 ~~earnable salary of all members obtained by deducting from the total liabilities~~
45 ~~of the pension accumulation fund the amount of the funds in hand to the credit~~
46 ~~of that fund and dividing the remainder by one per centum (1%) of the present~~
47 ~~value of the prospective future salaries of all members as computed on the basis~~
48 ~~of the mortality and service tables adopted by the Board of Trustees and regular~~
49 ~~interest. The normal rate of contribution shall be determined by the actuary~~
50 ~~after each valuation. A normal contribution rate shall be determined separately~~
51 ~~for general employees as a group and for law enforcement officers as a group,~~

- 1 these rates to be applied to the respective group payrolls of each employer in
2 determining the normal contribution required of each employer.
- 3 (2a) The actuarially determined employer contribution rate shall be calculated
4 annually by the actuary using assumptions and a cost method approved by the
5 Actuarial Standards Board of the American Academy of Actuaries and selected
6 by the Board of Trustees.
- 7 (3) The "~~accrued~~" past service liability contribution" shall be set for each employer
8 on the basis of the prior service credits allowable to the employees thereof, who
9 are entitled to prior service certificates, and shall be paid for a period of
10 approximately 30 years, provided that the length of the period of payment for
11 each employer after contributions begin shall be determined by the Board of
12 Trustees as the result of actuarial valuations.
- 13 (4) ~~At the end of the first year following~~ Upon the date of participation for each
14 employer, the ~~accrued~~ past service liability payable by such employer shall be
15 set, by deducting from the present value of the total liability for all pensions
16 payable on account of all members and pensioners of the System who became
17 participants through service for such employer, the present value of the future
18 normal contributions payable, and the amount of any assets resulting from any
19 contributions previously made by such employer. ~~Then the "accrued liability~~
20 ~~contribution" rate for such employer shall be the per centum of the total annual~~
21 ~~compensation of all members employed by such employer which is equivalent~~
22 ~~to four per centum (4%) of the amount of such accrued liability. The expense of~~
23 ~~making such actuarial valuation to determine the accrued liability contribution~~
24 ~~for each employer shall be paid by such employer. The accrued liability~~
25 ~~contribution rate shall be increased on the basis of subsequent valuation if~~
26 ~~benefits are increased over those included in the valuations on the basis of~~
27 ~~which the original accrued liability contribution rate was determined. Then the~~
28 ~~"past service liability contribution rate" for such employer shall be the per~~
29 ~~centum of the total annual compensation of all members employed by the~~
30 ~~employer which is estimated to extinguish the liability in 24 years.~~
31 (5) Notwithstanding Chapter 150B of the General Statutes, the total amount
32 payable in each year to the pension accumulation fund shall not be less than the
33 sum of the rate per centum known as the ~~normal~~ actuarially determined
34 employer contribution rate and the ~~accrued~~ past service liability contribution
35 rate of the total earned compensation of all members during the preceding year.
36 Provided, however, that the amount of each annual ~~accrued liability~~
37 contribution shall be at least three per centum (3%) greater than the preceding
38 annual ~~accrued liability~~ payment, and that the aggregate payment by employers
39 shall be sufficient, when combined with the amount in the fund, to provide the
40 pensions and other benefits payable out of the fund during the year then
41 current year as adjusted under a contribution rate policy adopted by the Board
42 of Trustees and known as the "required employer contribution rate." The Board
43 of Trustees shall not adopt a contribution rate policy that results in a rate less
44 than the normal contribution rate.
- 45 (6) ~~The accrued liability contribution shall be discontinued as soon as the~~
46 ~~accumulated reserve in the pension accumulation fund shall equal the present~~
47 ~~value, as actuarially computed and approved by the Board of Trustees, of the~~
48 ~~total liability of such fund less the present value, computed on the basis of the~~
49 ~~normal contribution rate then in force, of the prospective normal contributions~~
50 ~~to be received on account of all persons who are at that time members, as~~
51 ~~separately determined for general employees and law enforcement officers.~~

- 1 (7) All pensions, and benefits in lieu thereof, with the exception of those payable
 2 on account of members who received no prior service allowance, payable from
 3 contributions of employers, shall be paid from the pension accumulation fund.
- 4 ~~(8) Upon the retirement of a member not entitled to credit for prior service, an~~
 5 ~~amount equal to his pension reserve shall be transferred from the pension~~
 6 ~~accumulation fund to the pension reserve fund.~~
- 7 (9) Notwithstanding Chapter 150B of the General Statutes and the foregoing
 8 provisions of this subsection, beginning with the December 31, 1985 valuation,
 9 subsection, the actuary shall determine an additional "accrued liability
 10 contribution" contribution rate" and a "normal contribution rate" on account of
 11 the total earned compensation of each employer's law enforcement
 12 officers officers each year, known as the "required employer contribution for
 13 law enforcement officers rate." The required employer contribution for law
 14 enforcement officers rate may be adjusted under a contribution rate policy
 15 adopted by the Board of Trustees and added to the employers' past service
 16 liability rate. The Board of Trustees shall not adopt a contribution rate policy
 17 that results in a rate less than the normal contribution rate. This contribution
 18 shall be that percentage of law enforcement officer compensation necessary to
 19 liquidate the "existing unfunded accrued liability" over a period of years to be
 20 determined by the Board of Trustees. The "existing unfunded accrued liability"
 21 for each employer shall be equal to the sum of two liabilities. The first is that
 22 portion of the unfunded accrued liability of the Law Enforcement Officers'
 23 Retirement System as of December 31, 1985, attributable to the accrued
 24 liability for each employer's law enforcement officers participating in that
 25 System, all based on actuarial assumptions and methods applicable to that
 26 System. The second is the accrued liability for additional benefits payable to
 27 each employer's law enforcement officers who are members of this Retirement
 28 System on December 31, 1985. The "accrued liability contribution" determined
 29 on the basis of this paragraph shall be added to that determined under
 30 subdivision (3) and shall be included in the total amount payable under
 31 subdivision (5)."

32 **SECTION 2.(j)** G.S. 135-8(e) is repealed.

33 **SECTION 2.(k)** G.S. 128-30(e) is repealed.

34 **SECTION 2.(l)** G.S. 135-8(f)(2)b. is repealed.

35 **SECTION 2.(m)** G.S. 135-8(f)(2)e. reads as rewritten:

- 36 "e. Each employer shall transmit monthly to the State Retirement System
 37 on account of each employee, who is a member of this System, an
 38 amount sufficient to cover ~~the normal contribution and the accrued~~
 39 ~~liability~~ required employer contribution of each member employed by
 40 such employer for the preceding month."

41 **SECTION 2.(n)** G.S. 135-7(f) reads as rewritten:

42 "(f) Retiree Health Benefit Fund. – It is the intent of the General Assembly that the Retiree
 43 Health Benefit Fund be a trust that provides an irrevocable source of funding to be used, to the
 44 extent the Fund's assets are sufficient, only for health benefits to retired and disabled employees
 45 and their applicable beneficiaries. Accordingly, the following provisions apply to the Retiree
 46 Health Benefit Fund:

- 47 (1) For the purposes of this subsection, the term "eligible Plan members" means
 48 eligible retired and disabled employees, and their applicable beneficiaries, who
 49 are members of the North Carolina State Health Plan for Teachers and State
 50 Employees as provided by this Chapter.

(2) The Retiree Health Benefit Fund is established as a trust fund in which accumulated contributions ~~from employers~~ and any earnings on those contributions shall be used only to provide health benefits to ~~retired and disabled employees and their applicable beneficiaries as provided by this Chapter.~~ eligible Plan members, after payment of any accrued reasonable investment and administrative expenses. The Retiree Health Benefit Fund shall be administered in accordance with the provisions of subsection (a) of this section.

(3) Employer and non-employer contributions to the Fund and earnings on those contributions are irrevocable. The assets of the Fund are dedicated to providing health benefits to retired and disabled employees and their applicable beneficiaries as provided by this Chapter. eligible Plan members in accordance with the Plan's benefit terms, as those terms may from time to time be amended. ~~and~~ The assets of the Fund are not subject to the claims of creditors of the employers and non-employers making contributions to the Fund. ~~Fund, are not subject to the claims of any creditors of the Fund's trustees and administrators, and are not subject to the claims of creditors of eligible Plan members.~~

(4) ~~However,~~ Fund assets may be used for reasonable expenses to administer benefits provided by the Fund, as approved by the Board of Trustees, including offsets to the State budget to the Retirement Systems Division for staff administration of benefits and costs to conduct required actuarial valuations of State-supported retired employees' health benefits under other post-employment benefit accounting standards set forth by the Governmental Accounting Standards Board of the Financial Accounting Foundation."

SECTION 2.(o) G.S. 135-110(a) reads as rewritten:

"(a) It is the intent of the General Assembly that a trust fund be created that provides an irrevocable source of funding to be used, to the extent the fund's assets are sufficient, only for disability benefits to participants and beneficiaries. Accordingly, the following provisions apply to that trust fund:

(1) A trust fund, the Disability Income Plan of North Carolina Trust Fund, is hereby created to which all receipts, transfers, appropriations, contributions, investment earnings and other income belonging to the Plan shall be deposited, and from which all ~~benefits, expenses, and other charges~~ benefits and expenses against the Plan shall be disbursed. The Board of Trustees shall be the trustee of the ~~funds created by this Article.~~ Fund.

(2) Employer and non-employer contributions to the Disability Income Plan of North Carolina Trust Fund and earnings on those contributions are irrevocable. The assets of the Fund are dedicated to providing benefits to participants and beneficiaries in accordance with the Plan's benefit terms. The assets of the Fund are not subject to the claims of creditors of the employers and non-employers making contributions to the Fund, are not subject to the claims of any creditors of the Fund's trustees and administrators, and are not subject to the claims of participants and beneficiaries.

(3) Disability Income Plan of North Carolina Trust Fund assets may be used for reasonable expenses to administer benefits provided by the Fund as approved by the Board of Trustees."

SECTION 2.(p) G.S. 135-7 is amended by adding a new subsection to read:

"(g) It is the intent of the General Assembly that a master trust fund be created that provides an irrevocable source of funding to be used, to the extent the fund's assets are sufficient, only for death benefits and disability benefits to the Plans' members, participants, and beneficiaries, pursuant to G.S. 120-4.27, G.S. 128-27(l), subsections (12) through (16) of

1 G.S. 128-27, 135-5(l), 135-64(k), and 143-166.60. Accordingly, the following provisions apply
 2 to the Trust:

3 (1) The following definitions apply in this subsection:

4 a. Beneficiaries. – Any person in receipt of, or eligible to receive, a benefit
 5 payable from the North Carolina Teachers' and State Employees'
 6 Benefit Trust pursuant to G.S. 120-4.27, subsections (12) though (16) of
 7 G.S. 128-27, 135-5(l), 135-64(k), and 143-166.60.

8 b. Plans. – The retiree group death benefit trust established under
 9 G.S. 120-4.27, the Group Life Insurance Plan established under
 10 G.S. 128-27(1), the retiree group death benefit trust fund established
 11 under subsections (12) though (16) of G.S. 128-27, the Group Life
 12 Insurance Plan established under G.S. 135-5(l), the retiree group death
 13 benefit trust fund established under G.S. 135-5(l), the retiree group
 14 death benefit trust fund established under G.S.135-64(k), and the
 15 Separate Insurance Benefits Plan established by G.S. 143-166.60.

16 (2) A trust fund, the North Carolina Teachers' and State Employees' Benefit Trust,
 17 is hereby created as a master trust to which all receipts, transfers,
 18 appropriations, contributions, investment earnings, and other income belonging
 19 to the Plans shall be deposited, and from which all benefits and expenses
 20 against the Plans shall be disbursed. The Boards of Trustees of the Teachers'
 21 and State Employees' Retirement System and the Local Governmental
 22 Employees' Retirement System shall be the trustee of the Trust. Within the
 23 Benefit Trust, the funds of the Plans shall be accounted for separately and not
 24 commingled. Assets of one plan cannot be used to pay for liabilities of another
 25 plan within the Trust.

26 (3) Employer and non-employer contributions to the North Carolina Teachers' and
 27 State Employees' Benefit Trust and earnings on those contributions are
 28 irrevocable. The assets of the Trust are dedicated to providing benefits to
 29 members, participants, and beneficiaries in accordance with the Plans' benefit
 30 terms. The assets of the Trust are not subject to the claims of creditors of the
 31 employers and non-employers making contributions to the Trust, are not subject
 32 to the claims of any creditors of the Trust, trustees, and administrators, and are
 33 not subject to the claims of creditors of members, participants, and
 34 beneficiaries."

35 **SECTION 2.(q)** G.S. 120-4.27 reads as rewritten:

36 "**§ 120-4.27. Death benefit.**

37 ...

38 Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a retired member
 39 of the Retirement System or Retirement Fund on or after January 1, 2015, there shall be paid a
 40 death benefit to the person or persons designated by the member or, if the member has not
 41 designated a beneficiary, to the surviving spouse of the deceased retired member or, if not
 42 survived by a designated beneficiary or spouse, to the deceased retired member's legal
 43 representative; provided the retired member has elected, when first eligible, to make, and has
 44 continuously made, in advance of ~~his~~the member's death required contributions as determined by
 45 the Retirement System on a fully contributory basis, through retirement allowance deductions or
 46 other methods adopted by the Retirement System, to a group death benefit trust fund~~fund~~, the
 47 North Carolina Teachers' and State Employees' Benefit Trust, administered by the Board of
 48 Trustees separate and apart from the Retirement System's Annuity Savings Fund and Pension
 49 Accumulation Fund. Employer and non-employer contributions to the Benefit Trust and earnings
 50 on those contributions are irrevocable. The assets of the Benefit Trust are dedicated to providing
 51 benefits to members and beneficiaries in accordance with the Plan's benefit terms. The assets of

1 the Benefit Trust are not subject to the claims of creditors of the employees and non-employees
2 making contributions to the Benefit Trust, are not subject to the claims of any creditors of the
3 Benefit Trust's trustees and administrators, and are not subject to the claims of creditors of
4 members and beneficiaries. Benefit Trust assets may be used for reasonable expenses to
5 administer benefits provided by the Fund as approved by the Board of Trustees.

6 ~~This~~The death benefit payable under this subsection shall be a lump-sum payment in the
7 amount of ten thousand dollars (\$10,000) upon the completion of 24 months of contributions
8 required under this subsection. Should death occur before the completion of 24 months of
9 contributions required under this subsection, the deceased retired member's designated beneficiary
10 or beneficiaries, or surviving spouse if not survived by a designated beneficiary, or legal
11 representative if not survived by a designated beneficiary or spouse, shall be paid the sum of the
12 retired member's contributions required by this subsection plus interest to be determined by the
13 Board of Trustees."

14 **SECTION 2.(r)** G.S. 128-27(l) reads as rewritten:

15 "(l) Death Benefit Plan. – The provisions of this subsection shall become effective for any
16 employer only after an agreement to that effect has been executed by the employer and the
17 Director of the Retirement System. There is hereby created a Group Life Insurance Plan
18 (hereinafter called the "Plan") which is established as an employee welfare benefit plan that is
19 separate and apart from the Retirement System and under which the members of the Retirement
20 System shall participate and be eligible for group life insurance benefits. The Plan shall be part of
21 the North Carolina Teachers' and State Employees' Benefit Trust, as established under
22 G.S. 135-7(g). All receipts, transfers, appropriations, contributions, investment earnings, and other
23 income belonging to the Plan shall be deposited in the Benefit Trust. All benefits and expenses
24 against the Plan shall be disbursed from the Benefit Trust. Employer and non-employer
25 contributions to the Benefit Trust and earnings on those contributions are irrevocable. The assets
26 of the Benefit Trust are dedicated to providing benefits to members and beneficiaries in
27 accordance with the Plan's benefit terms. The assets of the Benefit Trust are not subject to the
28 claims of creditors of the employees and non-employees making contributions to the Benefit
29 Trust, are not subject to the claims of any creditors of the Benefit Trust's trustees and
30 administrators, and are not subject to the claims of creditors of members and beneficiaries. Benefit
31 Trust assets may be used for reasonable expenses to administer benefits provided by the Fund as
32 approved by the Board of Trustees.

33 Upon receipt of proof, satisfactory to the Board of Trustees in their capacity as trustees under
34 the Group Life Insurance Plan, of the death, in service, of a member who had completed at least
35 one full calendar year of membership in the Retirement System, there shall be paid to such person
36 as ~~he~~the member shall have nominated by electronic submission prior to completing 10 years of
37 service in a form approved by the Board of Trustees or by written designation duly acknowledged
38 and filed with the Board of Trustees, if such person is living at the time of the member's death,
39 otherwise to the member's legal representatives, a death benefit. Such death benefit shall be equal
40 to the greater of:

41"

42 **SECTION 2.(s)** G.S. 128-27(l6) reads as rewritten:

43 "(l6) Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
44 subsection, of the death of a retired member of the Retirement System on or after January 1, 2015,
45 there shall be paid a death benefit to the person or persons designated by the member or, if the
46 member has not designated a beneficiary, to the surviving spouse of the deceased retired member
47 or, if not survived by a designated beneficiary or spouse, to the deceased retired member's legal
48 representative; provided the retired member has elected, when first eligible, to make, and has
49 continuously made, in advance of ~~his~~the member's death required contributions as determined by
50 the Board of Trustees on a fully contributory basis, through retirement allowance deductions or
51 other methods adopted by the Board of Trustees, to a group death benefit trust ~~fund~~fund, the North

1 Carolina Teachers' and State Employees' Benefit Trust, administered by the Board of Trustees
2 separate and apart from the Retirement System's Annuity Savings Fund and Pension
3 Accumulation Fund. Employer and non-employer contributions to the Benefit Trust and earnings
4 on those contributions are irrevocable. The assets of the Benefit Trust are dedicated to providing
5 benefits to members and beneficiaries in accordance with the Plan's benefit terms. The assets of
6 the Benefit Trust are not subject to the claims of creditors of the employees and non-employees
7 making contributions to the Benefit Trust, are not subject to the claims of any creditors of the
8 Benefit Trust's trustees and administrators, and are not subject to the claims of creditors of
9 members and beneficiaries. Benefit Trust assets may be used for reasonable expenses to
10 administer benefits provided by the Fund as approved by the Board of Trustees.

11 ~~This~~The death benefit payable under this subsection shall be a lump-sum payment in the
12 amount of ten thousand dollars (\$10,000) upon the completion of 24 months of contributions
13 required under this subsection. Should death occur before the completion of 24 months of
14 contributions required under this subsection, the deceased retired member's designated beneficiary
15 or beneficiaries, or surviving spouse if not survived by a designated beneficiary, or legal
16 representative if not survived by a designated beneficiary or spouse, shall be paid the sum of the
17 retired member's contributions required by this subsection plus interest to be determined by the
18 Board of Trustees."

19 **SECTION 2.(t)** G.S. 135-5(l) reads as rewritten:

20 "(l) Death Benefit Plan. – There is hereby created a Group Life Insurance Plan (hereinafter
21 called the "Plan") which is established as an employee welfare benefit plan that is separate and
22 apart from the Retirement System and under which the members of the Retirement System shall
23 participate and be eligible for group life insurance benefits. The Plan shall be part of the North
24 Carolina Teachers' and State Employees' Benefit Trust, as established under G.S. 135-7(g). All
25 receipts, transfers, appropriations, contributions, investment earnings, and other income belonging
26 to the Plan shall be deposited in the Benefit Trust. All benefits and expenses against the Plan shall
27 be disbursed from the Benefit Trust. Employer and non-employer contributions to the Benefit
28 Trust and earnings on those contributions are irrevocable. The assets of the Benefit Trust are
29 dedicated to providing benefits to participants, surviving spouses, and the members' estates in
30 accordance with the Plan's benefit terms. The assets of the Benefit Trust are not subject to the
31 claims of creditors of the employees and non-employees making contributions to the Benefit
32 Trust, are not subject to the claims of any creditors of the Benefit Trust's trustees and
33 administrators, and are not subject to the claims of creditors of members and beneficiaries. Benefit
34 Trust assets may be used for reasonable expenses to administer benefits provided by the Fund as
35 approved by the Board of Trustees.

36 Upon receipt of proof, satisfactory to the Board of Trustees in their capacity as trustees under
37 the Group Life Insurance Plan, of the death, in service, of a member who had completed at least
38 one full calendar year of membership in the Retirement System, there shall be paid to such person
39 as ~~the member~~ shall have nominated by electronic submission prior to completing 10 years of
40 service in a form approved by the Board of Trustees or by written designation duly acknowledged
41 and filed with the Board of Trustees, if such person is living at the time of the member's death,
42 otherwise to the member's legal representatives, a death benefit. Such death benefit shall be equal
43 to the greater of:

44 ...

45 Upon receipt of proof, satisfactory to the Board of Trustees in its capacity under this
46 subsection, of the death of a retired member of the Retirement System on or after January 1, 2015,
47 there shall be paid a death benefit to the person or persons designated by the member or, if the
48 member has not designated a beneficiary, to the surviving spouse of the deceased retired member
49 or, if not survived by a designated beneficiary or spouse, to the deceased retired member's legal
50 representative; provided the retired member has elected, when first eligible, to make, and has
51 continuously made, in advance of ~~his~~the member's death required contributions as determined by

1 the Board of Trustees on a fully contributory basis, through retirement allowance deductions or
2 other methods adopted by the Board of Trustees, to a group death benefit trust ~~fund~~fund, the North
3 Carolina Teachers' and State Employees' Benefit Trust, administered by the Board of Trustees
4 Fund and Pension Accumulation Fund. Employer and non-employer contributions to the Benefit
5 Trust and earnings on those contributions are irrevocable. The assets of the Benefit Trust are
6 dedicated to providing benefits to participants, surviving spouses, and the members' estates in
7 accordance with the Plan's benefit terms. The assets of the Benefit Trust are not subject to the
8 claims of creditors of the employees and non-employees making contributions to the Benefit
9 Trust, are not subject to the claims of any creditors of the Benefit Trust's trustees and
10 administrators, and are not subject to the claims of creditors of members and beneficiaries. Benefit
11 Trust assets may be used for reasonable expenses to administer benefits provided by the Fund as
12 approved by the Board of Trustees. This death benefit shall be a lump-sum payment in the amount
13 of ten thousand dollars (\$10,000) upon the completion of 24 months of contributions required
14 under this subsection. Should death occur before the completion of 24 months of contributions
15 required under this subsection, the deceased retired member's designated beneficiary or
16 beneficiaries, or surviving spouse if there is no surviving beneficiary, or legal representative if not
17 survived by a designated beneficiary or spouse, shall be paid the sum of the retired member's
18 contributions required by this subsection plus interest to be determined by the Board of Trustees."

19 **SECTION 2.(u)** G.S. 135-64(k) reads as rewritten:

20 "(k) Upon the death of a retired member on or after January 1, 2015, there shall be paid a
21 death benefit to the person or persons designated by the member or, if the member has not
22 designated a beneficiary, to the surviving spouse of the deceased retired member or, if not
23 survived by a designated beneficiary or spouse, to the deceased retired member's legal
24 representative; provided the retired member has elected, when first eligible, to make, and has
25 continuously made, in advance of ~~his~~the member's death required contributions as determined by
26 the Board of Trustees on a fully contributory basis, through retirement allowance deductions or
27 other methods adopted by the Board of Trustees, to a group death benefit trust ~~fund~~fund, the North
28 Carolina Teachers' and State Employees' Benefit Trust, administered by the Board of Trustees
29 separate and apart from the Retirement System's Annuity Savings Fund and Pension
30 Accumulation Fund. Employer and non-employer contributions to the Benefit Trust and earnings
31 on those contributions are irrevocable. The assets of the Benefit Trust are dedicated to providing
32 benefits to members and beneficiaries in accordance with the Plan's benefit terms. The assets of
33 the Benefit Trust are not subject to the claims of creditors of the employees and non-employees
34 making contributions to the Benefit Trust, are not subject to the claims of any creditors of the
35 Benefit Trust's trustees and administrators, and are not subject to the claims of creditors of
36 members and beneficiaries. Benefit Trust assets may be used for reasonable expenses to
37 administer benefits provided by the Fund as approved by the Board of Trustees.

38 ~~This~~The death benefit payable under this subsection shall be a lump-sum payment in the
39 amount of ten thousand dollars (\$10,000) upon the completion of 24 months of contributions
40 required under this subsection. Should death occur before the completion of 24 months of
41 contributions required under this subsection, the deceased retired member's designated beneficiary
42 or beneficiaries, or surviving spouse if there is no surviving designated beneficiary, or legal
43 representative if not survived by a designated beneficiary or spouse, shall be paid the sum of the
44 retired member's contributions required by this subsection plus interest to be determined by the
45 Board of Trustees."

46 **SECTION 2.(v)** G.S. 143-166.60(b) reads as rewritten:

47 "(b) The Boards of Trustees of the Teachers' and State Employees' Retirement System and
48 the Local Governmental Employees' Retirement System shall jointly administer the Plan and shall,
49 under the terms and conditions otherwise appearing in this Article, provide Plan benefits either (i)
50 by establishing a separate trust fund in conformance with Section 501(c)(9) of the Internal
51 Revenue Code of 1954 as amended or, (ii) by causing the Plan to affiliate with a master ~~trust~~trust,

1 the North Carolina Teachers' and State Employees' Benefits Trust, providing the same benefits for
2 participants. Employer and non-employer contributions to the Benefit Trust and earnings on those
3 contributions are irrevocable. The assets of the Benefit Trust are dedicated to providing benefits to
4 participants, surviving spouses, participants' estates, and persons named by the participant to
5 receive the benefit. The assets of the Benefit Trust are not subject to the claims of creditors of the
6 employees and non-employees making contributions to the Benefit Trust, are not subject to the
7 claims of any creditors of the Benefit Trust's trustees and administrators, and are not subject to the
8 claims of creditors of participants. Benefit Trust assets may be used for reasonable expenses to
9 administer benefits provided by the Fund as approved by the Board of Trustees."

10 **SECTION 2.(w)** This section becomes effective June 30, 2017.

11 **SECTION 3.(a)** G.S. 135-5(f) reads as rewritten:

12 "(f) Return of Accumulated Contributions. – Should a member cease to be a teacher or
13 State employee except by death or retirement under the provisions of this Chapter, ~~h~~the member
14 shall upon submission of an application be paid, not earlier than 60 days from the date of
15 termination of service, ~~h~~is the member's contributions, and the accumulated regular interest
16 thereon, provided that ~~h~~the member has not in the meantime returned to service. Upon payment
17 of such sum ~~h~~is or her membership in the System shall cease and, if ~~h~~he or she thereafter again
18 becomes a member, no credit shall be allowed for any service previously rendered except as
19 provided in G.S. 135-4, and such payment shall be in full and complete discharge of any rights in
20 or to any benefits otherwise payable hereunder. Upon receipt of proof satisfactory to the Board of
21 Trustees of the death, prior to retirement, of a member or former member there shall be paid to
22 such person or persons as ~~h~~the member or former member shall have nominated by electronic
23 submission ~~prior to completing 10 years of service~~ in a form approved by the Board of Trustees or
24 by written designation duly acknowledged and filed with the Board of Trustees, if such person or
25 persons are living at the time of the member's death, otherwise to the member's legal
26 representatives, the amount of ~~h~~is the member's accumulated contributions at the time of ~~h~~is the
27 member's death, unless the beneficiary elects to receive the alternate benefit under the provisions
28 of (m) below. An extension service employee who made contributions to the Local Governmental
29 Employees' Retirement System and the Teachers' and State Employees' Retirement System as a
30 result of dual employment may not be paid ~~h~~is or her accumulated contributions unless ~~h~~the
31 extension service employee is eligible to be paid ~~h~~is or her accumulated contributions in both
32 systems for the same period of service.

33 Pursuant to the provisions of G.S. 135-56.2, a member who is also a member of the
34 Consolidated Judicial Retirement System may irrevocably elect to transfer any accumulated
35 contributions to the Consolidated Judicial Retirement System or to the Supplemental Retirement
36 Income Plan and forfeit any rights in or to any benefits otherwise payable hereunder.

37 A member who is a participant or beneficiary of the Disability Income Plan of North Carolina
38 as is provided in Article 6 of this Chapter shall not be paid a return of accumulated contributions,
39 notwithstanding the member's status as an employee or teacher. Notwithstanding any other
40 provision of law to the contrary, a member who is a beneficiary of the Disability Income Plan of
41 North Carolina as provided in Article 6 of this Chapter and who is receiving disability benefits
42 under the transition provisions as provided in G.S. 135-112, shall not be prohibited from receiving
43 a return of accumulated contributions as provided in this subsection."

44 **SECTION 3.(b)** G.S. 135-5(l), as amended by Section 2(t) of this act, reads as
45 rewritten:

46 "(l) Death Benefit Plan. – There is hereby created a Group Life Insurance Plan (hereinafter
47 called the "Plan") which is established as an employee welfare benefit plan that is separate and
48 apart from the Retirement System and under which the members of the Retirement System shall
49 participate and be eligible for group life insurance benefits. The Plan shall be part of the North
50 Carolina Teachers' and State Employees' Benefit Trust, as established under G.S. 135-7(g). All
51 receipts, transfers, appropriations, contributions, investment earnings, and other income belonging

1 to the Plan shall be deposited in the Benefit Trust. All benefits and expenses against the Plan shall
2 be disbursed from the Benefit Trust. Employer and non-employer contributions to the Benefit
3 Trust and earnings on those contributions are irrevocable. The assets of the Benefit Trust are
4 dedicated to providing benefits to participants, surviving spouses, and the members' estates in
5 accordance with the Plan's benefit terms. The assets of the Benefit Trust are not subject to the
6 claims of creditors of the employees and non-employees making contributions to the Benefit
7 Trust, are not subject to the claims of any creditors of the Benefit Trust's trustees and
8 administrators, and are not subject to the claims of creditors of members and beneficiaries. Benefit
9 Trust assets may be used for reasonable expenses to administer benefits provided by the Fund as
10 approved by the Board of Trustees.

11 Upon receipt of proof, satisfactory to the Board of Trustees in their capacity as trustees under
12 the Group Life Insurance Plan, of the death, in service, of a member who had completed at least
13 one full calendar year of membership in the Retirement System, there shall be paid to such person
14 as the member shall have nominated by electronic submission ~~prior to completing 10 years of~~
15 ~~service~~ in a form approved by the Board of Trustees or by written designation duly acknowledged
16 and filed with the Board of Trustees, if such person is living at the time of the member's death,
17 otherwise to the member's legal representatives, a death benefit. Such death benefit shall be equal
18 to the greater of:

19"

20 **SECTION 3.(c)** G.S. 135-63 reads as rewritten:

21 "**§ 135-63. Benefits on death before retirement.**

22 (a) Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a member
23 in service, there shall be paid in a lump sum to such person as the member shall have nominated
24 by electronic submission ~~prior to completing 10 years of service~~ in a form approved by the Board
25 of Trustees or by written designation duly acknowledged and filed with the Board of Trustees, if
26 such person is living at the time of the member's death, otherwise to the member's legal
27 representatives, a death benefit equal to the sum of (i) the member's accumulated contributions,
28 plus (ii) the member's final compensation; provided, however, that if the member has attained his
29 or her fiftieth birthday with at least five years of membership service at ~~his~~the member's date of
30 death, and if the designated recipient of the death benefits is the member's spouse who survives
31 ~~him,~~him or her, and if the spouse so elects, then the lump-sum death benefit provided for herein
32 shall consist only of a payment equal to the member's final compensation and there shall be paid to
33 the surviving spouse an annual retirement allowance, payable monthly, which shall commence on
34 the first day of the calendar month coinciding with or next following the death of the member and
35 shall be continued on the first day of each month thereafter until the remarriage or death of the
36 spouse. The amount of any such retirement allowance shall be equal to one half of the amount of
37 the retirement allowance to which the member would have been entitled had ~~he~~the member retired
38 under the provisions of G.S. 135-57(a) on the first day of the calendar month coinciding with or
39 next following ~~his~~the member's date of death, reduced by two percent (2%) thereof for each full
40 year, if any, by which the age of the member at his or her date of death exceeds that of ~~his~~the
41 member's spouse. If the retirement allowance to the spouse shall terminate on the remarriage or
42 death of the spouse before the total of the retirement allowance payments made equals the amount
43 of the member's accumulated contributions at date of death, the excess of such accumulated
44 contributions over the total of the retirement allowances paid to the spouse shall be paid in a lump
45 sum to such person as the member shall have nominated by electronic submission in a form
46 approved by the Board of Trustees or by written designation duly acknowledged and filed with the
47 Board of Trustees, if such person is living at the time such payment falls due, otherwise to the
48 former member's legal representatives.

49 ...

50 (c) Upon receipt of proof, satisfactory to the Board of Trustees, of the death of a member
51 not in service, there shall be paid in a lump sum to such person as the member shall have

1 nominated by electronic submission ~~prior to completing 10 years of service~~ in a form approved by
2 the Board of Trustees or by written designation duly acknowledged and filed with the Board of
3 Trustees, if such person is living at the time of the member's death, otherwise to the member's
4 legal representatives, a death benefit equal to the member's accumulated contributions.

5"

6 **SECTION 3.(d)** G.S. 128-27(f) reads as rewritten:

7 "(f) Return of Accumulated Contributions. – Should a member cease to be an employee
8 except by death or retirement under the provisions of this Chapter, ~~hethe member~~ shall upon
9 submission of an application be paid, not earlier than 60 days from the date of termination of
10 service, ~~his~~the member's contributions and the accumulated regular interest thereon, provided that
11 ~~hethe member~~ has not in the meantime returned to service. Upon payment of such sum his or her
12 membership in the System shall cease and, if he or she thereafter again becomes a member, no
13 credit shall be allowed for any service previously rendered except as provided in G.S. 128-26; and
14 such payment shall be in full and complete discharge of any rights in or to any benefits otherwise
15 payable hereunder. Upon receipt of proof satisfactory to the Board of Trustees of the death, prior
16 to retirement, of a member or former member there shall be paid to such person or persons as
17 ~~hethe member or former member~~ shall have nominated by electronic submission ~~prior to~~
18 ~~completing 10 years of service~~ in a form approved by the Board of Trustees or by written
19 designation duly acknowledged and filed with the Board of Trustees, if such person or persons are
20 living at the time of the member's death, otherwise to the member's legal representatives, the
21 amount of ~~his~~the member's accumulated contributions at the time of ~~his~~the member's death, unless
22 the beneficiary elects to receive the alternate benefit under the provisions of (m) below. An
23 extension service employee who made contributions to the Local Governmental Employees'
24 Retirement System and the Teachers' and State Employees' Retirement System as a result of dual
25 employment may not be paid his or her accumulated contributions unless ~~hethe extension service~~
26 employee is eligible to be paid his or her accumulated contributions in both systems for the same
27 period of service.

28 Pursuant to the provisions of G.S. 135-56.2, a member who is also a member of the
29 Consolidated Judicial Retirement System may irrevocably elect to transfer any accumulated
30 contributions to the Consolidated Judicial Retirement System or to the Supplemental Retirement
31 Income Plan and forfeit any rights in or to any benefits otherwise payable hereunder."

32 **SECTION 3.(e)** G.S. 128-27(l), as amended by Section 2(r) of this act, reads as
33 rewritten:

34 "(l) Death Benefit Plan. – The provisions of this subsection shall become effective for any
35 employer only after an agreement to that effect has been executed by the employer and the
36 Director of the Retirement System. There is hereby created a Group Life Insurance Plan
37 (hereinafter called the "Plan") which is established as an employee welfare benefit plan that is
38 separate and apart from the Retirement System and under which the members of the Retirement
39 System shall participate and be eligible for group life insurance benefits. The Plan shall be part of
40 the North Carolina Teachers' and State Employees' Benefit Trust, as established under
41 G.S. 135-7(g). All receipts, transfers, appropriations, contributions, investment earnings, and other
42 income belonging to the Plan shall be deposited in the Benefit Trust. All benefits and expenses
43 against the Plan shall be disbursed from the Benefit Trust. Employer and non-employer
44 contributions to the Benefit Trust and earnings on those contributions are irrevocable. The assets
45 of the Benefit Trust are dedicated to providing benefits to members and beneficiaries in
46 accordance with the Plan's benefit terms. The assets of the Benefit Trust are not subject to the
47 claims of creditors of the employees and non-employees making contributions to the Benefit
48 Trust, are not subject to the claims of any creditors of the Benefit Trust's trustees and
49 administrators, and are not subject to the claims of creditors of members and beneficiaries. Benefit
50 Trust assets may be used for reasonable expenses to administer benefits provided by the Fund as
51 approved by the Board of Trustees.

1 Upon receipt of proof, satisfactory to the Board of Trustees in their capacity as trustees under
2 the Group Life Insurance Plan, of the death, in service, of a member who had completed at least
3 one full calendar year of membership in the Retirement System, there shall be paid to such person
4 as the member shall have nominated by electronic submission ~~prior to completing 10 years of~~
5 ~~service~~ in a form approved by the Board of Trustees or by written designation duly acknowledged
6 and filed with the Board of Trustees, if such person is living at the time of the member's death,
7 otherwise to the member's legal representatives, a death benefit. Such death benefit shall be equal
8 to the greater of:

9"

10 **SECTION 3.(f)** G.S. 120-4.25 reads as rewritten:

11 "**§ 120-4.25. Return of accumulated contributions.**

12 If a member ceases to be a member of the General Assembly except by death or retirement,
13 ~~hethe member~~ shall, upon submission of an application, be paid not earlier than 60 days following
14 the date of termination of service the sum of ~~histe member's~~ accumulated contributions provided
15 ~~hethe member~~ has not in the meantime returned to service. Upon payment of this sum his or her
16 membership in the System ceases. If ~~hethe individual~~ becomes a member afterwards, no credit
17 shall be allowed for any service previously rendered except as provided in G.S. 120-4.14 and the
18 payment shall be in full and complete discharge of any rights in or to any benefits otherwise
19 payable under this Article. Upon receipt of proof satisfactory to the Board of Trustees of the death,
20 prior to retirement, of a member or former member, there shall be paid to the person or persons
21 ~~hethe member or former member~~ nominated by electronic submission ~~prior to completing 10 years~~
22 ~~of service~~ in a form approved by the Board of Trustees or by written designation duly
23 acknowledged and filed with the Board of Trustees, if the person or persons are living at the time
24 of the member's death, otherwise to the member's legal representatives, the amount of ~~histe~~
25 member's accumulated contributions at the time of ~~histe member's~~ death, unless the beneficiary
26 elects to receive the alternate benefit under the provisions of G.S. 120-4.28."

27 **SECTION 3.(g)** This section becomes effective January 1, 2018.

28 **SECTION 4.(a)** G.S. 135-1(11) reads as rewritten:

29 "(11) "Employer" shall mean the State of North Carolina, the county board of
30 education, the city board of education, the State Board of Education, the board
31 of trustees of the University of North Carolina, the board of trustees of other
32 institutions and agencies supported and under the control of the State, or any
33 other agency of and within the State by which a teacher or other employee is
34 paid. For purposes of reporting under the pronouncements by the Governmental
35 Accounting Standards Board, the Retirement System is a multi-employer plan."

36 **SECTION 4.(b)** This section becomes effective June 30, 2017.

37 **SECTION 5.(a)** G.S. 135-7 is amended by adding a new subsection to read:

38 "(g) Legislative Enactment Implementation Arrangement. – The Legislative Enactment
39 Implementation Arrangement (LEIA) is established effective October 1, 2017, and placed under
40 the management of the Board of Trustees. The purpose of the LEIA is to provide for timely
41 administrative implementation of legislative provisions regarding the retirement of, or payment of
42 retirement benefits to, public officers or public employees. The LEIA shall have the following
43 parameters:

44 (1) Administration. – The LEIA shall be administered by the Board of Trustees,
45 which shall compile and maintain all records necessary or appropriate for
46 administration. The Board of Trustees shall have full discretionary authority to
47 interpret, construe, and implement the LEIA and to adopt such rules and
48 regulations as may be necessary or desirable to implement the provisions of the
49 LEIA.

50 (2) Funding of the LEIA. – In the event that the General Assembly creates or
51 modifies any provision for the retirement of, or payment of retirement benefits

1 to, public officers or public employees that has a cost savings as measured by
2 actuarial note required by Article 15 of Chapter 120 of the General Statutes, the
3 Board of Trustees may direct up to one hundredth percent (0.01%) of the
4 required contributions to fund the LEIA. These funds must be deposited in a
5 separate fund from the fund into which regular employer contributions are
6 deposited for the Retirement System. The Board of Trustees shall not direct any
7 employer contributions into the LEIA after November 1, 2021.

8 (3) Allocation of LEIA funds. – The Board of Trustees may allocate LEIA funds to
9 the implementation of legislative provisions regarding the retirement of, or
10 payment for retirement benefits to, public officers or public employees, subject
11 to the following restrictions:

12 a. The Board of Trustees must identify individual implementation projects
13 that will be paid for with LEIA funds. These implementation projects
14 must be necessitated by a specific statute or session law that was
15 enacted within five years of the allocation of the funds. The Board of
16 Trustees must also identify the number of years for which each
17 individual implementation project will be paid for with LEIA funds.

18 b. For implementation projects that will be paid for with LEIA funds for a
19 period of one year or less, the Board of Trustees must determine that the
20 cost savings from implementing the project is projected to be no less
21 than half of the amount of LEIA funds utilized to pay for
22 implementation.

23 c. For implementation projects that will be paid for with LEIA funds for a
24 period of greater than one year, but not more than four years, the Board
25 of Trustees must determine that the long-term cost savings from
26 implementing the project is projected to be at least three times greater
27 than the cost of implementation.

28 d. No implementation project shall be paid for with LEIA funds for a
29 period of more than four years.

30 (4) Treatment of unused assets. – Any assets of the LEIA not used to pay allowed
31 administrative expenses for timely administrative implementation of legislative
32 provisions shall be transferred to the Retirement System as an additional
33 employer contribution.

34 (5) Reporting. – The Department of State Treasurer shall report to the Board of
35 Trustees, the Joint Legislative Commission on Government Operations, and the
36 Fiscal Research Division on or before August 1 of each year on the (i) amounts
37 and sources of funds collected by year pursuant to this section and (ii) the
38 amounts expended, the projects for which those funds were expended, and the
39 current status of the projects. The Board of Trustees shall also post this report
40 on its public Web site."

41 **SECTION 5.(b)** G.S. 128-29 is amended by adding a new subsection to read:

42 "(g) Legislative Enactment Implementation Arrangement. – The Legislative Enactment
43 Implementation Arrangement (LEIA) is established effective October 1, 2017, and placed under
44 the management of the Board of Trustees. The purpose of the LEIA is to provide for timely
45 administrative implementation of legislative provisions regarding the retirement of, or payment of
46 retirement benefits to, public officers or public employees. The LEIA shall have the following
47 parameters:

48 (1) Administration. – The LEIA shall be administered by the Board of Trustees,
49 which shall compile and maintain all records necessary or appropriate for
50 administration. The Board of Trustees shall have full discretionary authority to
51 interpret, construe, and implement the LEIA and to adopt such rules and

1 regulations as may be necessary or desirable to implement the provisions of the
2 LEIA.

3 (2) Funding of the LEIA. – In the event that the General Assembly creates or
4 modifies any provision for the retirement of, or payment of retirement benefits
5 to, public officers or public employees that has a cost savings as measured by
6 actuarial note required by Article 15 of Chapter 120 of the General Statutes, the
7 Board of Trustees may direct up to one hundredth percent (0.01%) of the
8 required contributions to fund the LEIA. These funds must be deposited in a
9 separate fund from the fund into which regular employer contributions are
10 deposited for the Retirement System. The Board of Trustees shall not direct any
11 employer contributions into the LEIA after November 1, 2021.

12 (3) Allocation of LEIA funds. – The Board of Trustees may allocate LEIA funds to
13 the implementation of legislative provisions regarding the retirement of, or
14 payment for retirement benefits to, public officers or public employees, subject
15 to the following restrictions:

16 a. The Board of Trustees must identify individual implementation projects
17 that will be paid for with LEIA funds. These implementation projects
18 must be necessitated by a specific statute or session law that was
19 enacted within five years of the allocation of the funds. The Board of
20 Trustees must also identify the number of years for which each
21 individual implementation project will be paid for with LEIA funds.

22 b. For implementation projects that will be paid for with LEIA funds for a
23 period of one year or less, the Board of Trustees must determine that the
24 cost savings from implementing the project is projected to be no less
25 than half of the amount of LEIA funds utilized to pay for
26 implementation.

27 c. For implementation projects that will be paid for with LEIA funds for a
28 period of greater than one year, but not more than four years, the Board
29 of Trustees must determine that the long-term cost savings from
30 implementing the project is projected to be at least three times greater
31 than the cost of implementation.

32 d. No implementation project shall be paid for with LEIA funds for a
33 period of more than four years.

34 (4) Treatment of unused assets. – Any assets of the LEIA not used to pay allowed
35 administrative expenses for timely administrative implementation of legislative
36 provisions shall be transferred to the Retirement System as an additional
37 employer contribution.

38 (5) Reporting. – The Department of State Treasurer shall report to the Board of
39 Trustees, the Joint Legislative Commission on Government Operations, and the
40 Fiscal Research Division on or before August 1 of each year on the (i) amounts
41 and sources of funds collected by year pursuant to this section and (ii) the
42 amounts expended, the projects for which those funds were expended, and the
43 current status of the projects. The Board of Trustees shall also post this report
44 on its public Web site."

45 **SECTION 5.(c)** This section becomes effective October 1, 2017.

46 **SECTION 6.** Article 6 of Chapter 147 of the General Statutes is amended by adding a
47 new section to read:

48 **"§ 147-68.2. Confidentiality of warrants issued by the State.**

49 Information contained in records held by the State about outstanding, unpaid warrants issued
50 by the State are confidential and not available for public inspection to the extent that the Treasurer
51 determines that information would be sufficient to counterfeit a warrant."

1 **SECTION 7.** G.S. 147-9.4 reads as rewritten:

2 "**§ 147-9.4. Deferred Compensation Plan.**

3 (a) Notwithstanding the provisions of G.S. 143B-426.40A and notwithstanding any
4 provision of law to the contrary relating to salaries or salary schedules of teachers or State
5 employees, the chief executive officer of an employer, on behalf of the employer, may ~~from time~~
6 ~~to time~~ enter into a contract with a teacher or employee under which the teacher or employee
7 irrevocably elects to defer receipt of a portion of his or her scheduled salary in the future, but only
8 if, as a result of such contract, the income so deferred is deferred pursuant to the Plan provided for
9 in G.S. 143B-426.24 or pursuant to some other plan established before January 1, 1983, and is not
10 constructively received by the teacher or employee in the year in which it was earned, for State
11 and federal income tax purposes. In addition, the income so deferred shall be invested in the
12 manner provided in the applicable Plan; however, the teacher or employee may revoke his or her
13 election to participate and may amend the amount of compensation to be deferred by signing and
14 filing with the Board a written revocation or amendment on a form and in the manner approved by
15 the Board. Any such revocation or amendment shall be effective prospectively only and shall
16 cause no change in the allocation of amounts invested prior to the filing date of such revocation or
17 amendment.

18 A teacher or employee who has agreed to the deferral of income pursuant to the Plan shall
19 have the right to receive the income so deferred only in accordance with the provisions of the Plan.
20 Funds so deferred shall not be in lieu of any amount earned by the teacher or employee before his
21 or her election to defer compensation became effective. The agreement to defer income referred to
22 herein shall be effective under such necessary regulations and procedures as are adopted by the
23 Board, and on forms prepared or approved by it. A teacher or employee who agrees to defer
24 income as provided in this section may authorize payroll deductions for deferral of the income. An
25 employer shall make payroll deduction available for a teacher or employee who authorizes payroll
26 deduction. Notwithstanding any other provisions of law, the amount by which the salary of a
27 teacher or employee is deferred pursuant to the Plan shall not be excluded, but shall be included,
28 in computing and making payroll deductions for social security and retirement system purposes, if
29 any, and in computing and providing matching funds for retirement system purposes, if any.

30 Except for the applications of the provisions of G.S. 110-136, and in connection with a
31 court-ordered equitable distribution under G.S. 50-20, the right of a teacher or employee, who
32 elects to defer income pursuant to the North Carolina Public Employee Deferred Compensation
33 Plan under G.S. 143B-426.24, to benefits that have vested under the Plan, is nonforfeitable. These
34 benefits are exempt from levy, sale, and garnishment, except as provided by this section.

35 (b) Notwithstanding the provisions of G.S. 143B-426.40A and any provision of law to the
36 contrary relating to salaries or salary schedules of teachers or State employees, the chief executive
37 officer of an employer, on behalf of the employer, may contribute to a deferred compensation
38 account of a teacher or employee additional funds, not in excess of limitations under federal law;
39 provided that for State and federal income taxes purposes, the funds are not constructively
40 received by the teacher or employee in the year in which the funds were earned."

41 **SECTION 8.(a)** G.S. 150B-1(d) is amended by adding a new subdivision to read:

42 "**§ 150B-1. Policy and scope.**

43 ...

44 (d) Exemptions from Rule Making. – Article 2A of this Chapter does not apply to the
45 following:

46 (29) The Retirement System Boards of Trustees established under G.S. 128-28 and
47 G.S. 135-6 when adopting actuarial tables, assumptions, and contribution-based
48 benefit cap factors after presentation of recommendations from the actuary.
49 This exemption includes, but is not limited to, the following actuarial tables and
50 assumptions:

51 a. Interest rate assumptions.

- b. Salary increase assumptions.
- c. Required contribution rates.
- d. Mortality assumptions.
- e. Separation and retirement assumptions.
- f. Joint and survivor tables.
- g. Reserve transfer tables.
- h. Contribution-based benefit cap factors."

SECTION 8.(b) G.S. 135-6(n) reads as rewritten:

"(n) In 1943, and at least once in each five-year period thereafter, the actuary shall make an actuarial investigation into the mortality, service and compensation experience of the members and beneficiaries of the Retirement System, and shall make a valuation of the assets and liabilities of the funds of the System, and taking into account the result of such investigation and valuation, the Board of Trustees shall:

- (1) Adopt for the Retirement System such mortality, ~~service~~service, contribution-based benefit cap factors, and other tables as shall be deemed necessary; and
- (2) Certify the rates of contributions payable by the State of North Carolina on account of new entrants at various ages."

SECTION 8.(c) G.S. 128-28(o) reads as written:

"(o) In the year 1945, and at least once in each five-year period thereafter, the actuary shall make an actuarial investigation into the mortality, service and compensation experience of the members and beneficiaries of the Retirement System, and shall make a valuation of the assets and liabilities of the funds of the System, and taking into account the result of such investigation and valuation, the Board of Trustees shall:

- (1) Adopt for the Retirement System such mortality, ~~service~~service, contribution-based benefit cap factors, and other tables as shall be deemed necessary; and
- (2) Certify the rates of contributions payable by the participating units on account of new entrants at various ages."

SECTION 9.(a) G.S. 143B-426.40G(b) reads as rewritten:

"(b) The State Treasurer may impose on an agency with non-State funds a fee of fifteen dollars (\$15.00) for each check drawn against the agency's disbursing account that causes the balance in the account to be in overdraft or while the account is in overdraft. The financial officer shall pay the fee from the agency's non-State ~~or personal~~ funds to the General Fund to the credit of the miscellaneous nontax revenue account by the agency."

SECTION 9.(b) This section becomes effective October 1, 2017.

SECTION 10.(a) G.S. 135-4(e) reads as rewritten:

"(e) Creditable service at retirement on which the retirement allowance of a member shall be based shall consist of the membership service rendered by ~~him~~the member since he or she last became a member, and also if ~~he~~the member has a prior service certificate which is in full force and effect, the amount of service certified on ~~his~~the prior service certificate; and if ~~he~~the member has sick leave standing to ~~his~~the member's credit upon retirement on or after July 1, 1971, one month of credit for each 20 days or portion thereof, but not less than one hour; sick leave shall not be counted in computing creditable service for the purpose of determining eligibility for disability retirement or for a vested deferred allowance. Creditable service for unused sick leave shall be allowed only for sick leave accrued monthly during employment under a duly adopted sick leave policy and for which the member may be able to take credits and be paid for sick leave without restriction. However, in no instance shall unused sick leave be credited to a member's account at retirement if the member's last day of actual service is more than five years prior to the effective date of the member's retirement. Further, any agency with a sick leave policy that is more generous than that of all State agencies subject to the rules of the Office of State Human

1 Resources shall proportionately adjust each of its retiring employees' sick leave balance to the
2 balance that employee would have had under the rules of the Office of State Human Resources.
3 Creditable sick leave shall be reported to the Retirement System as days granted as if the policy
4 awarded sick leave with a day being equal to eight hours within a 40-hour workweek.

5"

6 **SECTION 10.(b)** G.S. 128-26(e) reads as rewritten:

7 "(e) Creditable service at retirement on which the retirement allowance of a member shall
8 be based shall consist of the membership service rendered by ~~him~~the member since he or she last
9 became a member, and also if ~~he~~the member has a prior service certificate which is in full force
10 and effect, the amount of the service certified on ~~his~~the prior service certificate; and if ~~he~~the
11 member has sick leave standing to ~~his~~the member's credit upon retirement on or after July 1, 1971,
12 one month of credit for each 20 days or portion thereof, but not less than one hour; sick leave shall
13 not be counted in computing creditable service for the purpose of determining eligibility for
14 disability retirement or for a vested deferred allowance. Creditable service for unused sick leave
15 shall be allowed only for sick leave accrued monthly during employment under a duly adopted
16 sick leave policy and for which the member may be able to take credits and be paid for sick leave
17 without restriction. However, in no instance shall unused sick leave be credited to a member's
18 account at retirement if the member's last day of actual service is more than 365 days prior to the
19 effective date of the member's retirement. Creditable sick leave shall be reported to the Retirement
20 System as days granted as if the policy awarded sick leave with a day being equal to eight hours
21 within a 40-hour workweek.

22"

23 **SECTION 10.(c)** This section becomes effective January 1, 2018.

24 **SECTION 11.** If any provision of this act or its application is held invalid, the
25 invalidity does not affect other provisions or applications of this act that can be given effect
26 without the invalid provisions or application, and to this end, the provisions of this act are
27 severable.

28 **SECTION 12.** Except as otherwise provided, this act is effective when it becomes
29 law.