

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2023

**H.B. 1055**  
**May 2, 2024**  
**HOUSE PRINCIPAL CLERK**

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**HOUSE BILL DRH40590-LRfap-150D**

Short Title: Working Families and Small Businesses Act. (Public)

Sponsors: Representative Staton-Williams.

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT APPROPRIATING FUNDS TO RAISE SALARIES FOR TEACHERS AND STATE  
3 EMPLOYEES, REDUCING PARENT COPAYMENTS FOR SUBSIDIZED CHILD  
4 CARE, AND PROVIDING A SMALL BUSINESS TAX CREDIT.

5 The General Assembly of North Carolina enacts:

6  
7 **PART I. RAISE TEACHER SALARIES**

8 **SECTION 1.1.(a)** The following monthly teacher salary schedule shall apply for the  
9 2024-2025 fiscal year to licensed personnel of the public schools who are classified as teachers.  
10 The salary schedule is based on years of teaching experience:

11 **2024-25 Teacher Monthly Salary Schedule**

12	Years of Experience	"A" Teachers
13	0	4,600
14	1	4,660
15	2	4,720
16	3	4,780
17	4	4,840
18	5	4,900
19	6	4,960
20	7	5,020
21	8	5,080
22	9	5,140
23	10	5,200
24	11	5,260
25	12	5,320
26	13	5,380
27	14	5,440
28	15-17	5,500
29	18-20	5,575
30	21-23	5,650
31	24-26	5,725
32	27-29	5,800
33	30+	5,875

34 **SECTION 1.1.(b)** Salary Supplements for Teachers Paid on This Salary Schedule.

35 -



- 1 (1) Licensed teachers who have NBPTS certification shall receive a salary  
2 supplement each month of twelve percent (12%) of their monthly salary on  
3 the "A" salary schedule.
- 4 (2) Licensed teachers who are classified as "M" teachers shall receive a salary  
5 supplement each month of ten percent (10%) of their monthly salary on the  
6 "A" salary schedule.
- 7 (3) Licensed teachers with licensure based on academic preparation at the  
8 six-year degree level shall receive a salary supplement of one hundred  
9 twenty-six dollars (\$126.00) per month in addition to the supplement provided  
10 to them as "M" teachers.
- 11 (4) Licensed teachers with licensure based on academic preparation at the  
12 doctoral degree level shall receive a salary supplement of two hundred  
13 fifty-three dollars (\$253.00) per month in addition to the supplement provided  
14 to them as "M" teachers.
- 15 (5) Certified school nurses shall receive a salary supplement each month of ten  
16 percent (10%) of their monthly salary on the "A" salary schedule.
- 17 (6) School counselors who are licensed as counselors at the master's degree level  
18 or higher shall receive a salary supplement of one hundred dollars (\$100.00)  
19 per month.

20 **SECTION 1.1.(c)** For school psychologists, school speech pathologists who are  
21 licensed as speech pathologists at the master's degree level or higher, and school audiologists  
22 who are licensed as audiologists at the master's degree level or higher, the following shall apply:

- 23 (1) The first step of the salary schedule shall be equivalent to the sixth step of the  
24 "A" salary schedule.
- 25 (2) These employees shall receive the following salary supplements each month:  
26 a. Ten percent (10%) of their monthly salary, excluding the supplement  
27 provided pursuant to sub-subdivision b. of this subdivision.  
28 b. Three hundred fifty dollars (\$350.00).
- 29 (3) These employees are eligible to receive salary supplements equivalent to those  
30 of teachers for academic preparation at the six-year degree level or the  
31 doctoral degree level.
- 32 (4) The twenty-sixth step of the salary schedule shall be seven and one-half  
33 percent (7.5%) higher than the salary received by these same employees on  
34 the twenty-fifth step of the salary schedule.

35 **SECTION 1.1.(d)** Beginning with the 2014-2015 fiscal year, in lieu of providing  
36 annual longevity payments to teachers paid on the teacher salary schedule, the amounts of those  
37 longevity payments are included in the monthly amounts under the teacher salary schedule.

38 **SECTION 1.1.(e)** A teacher compensated in accordance with this salary schedule  
39 for the 2024-2025 school year shall receive an amount equal to the greater of the following:

- 40 (1) The applicable amount on the salary schedule for the applicable school year.
- 41 (2) For teachers who were eligible for longevity for the 2013-2014 school year,  
42 the sum of the following:
  - 43 a. The salary the teacher received in the 2013-2014 school year pursuant  
44 to Section 35.11 of S.L. 2013-360.
  - 45 b. The longevity that the teacher would have received under the longevity  
46 system in effect for the 2013-2014 school year provided in Section  
47 35.11 of S.L. 2013-360 based on the teacher's current years of service.
  - 48 c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.
- 49 (3) For teachers who were not eligible for longevity for the 2013-2014 school  
50 year, the sum of the salary and annual bonus the teacher received in the  
51 2014-2015 school year pursuant to Section 9.1 of S.L. 2014-100.

1           **SECTION 1.1.(f)** As used in this section, the term "teacher" shall also include  
2 instructional support personnel.

3           **SECTION 1.1.(g)** There is appropriated from the General Fund to the Department  
4 of Public Instruction for the 2024-2025 fiscal year the sum of three hundred twenty-two million  
5 seven hundred nine thousand dollars (\$322,709,000) in recurring funds to implement the teacher  
6 raises provided in this section.

## 7 8 **PART II. CHILD CARE SUBSIDIES**

9           **SECTION 2.1.(a)** Section 9D.3(b) of S.L. 2023-134 reads as rewritten:

10          "**SECTION 9D.3.(b)** Fees for families who are required to share in the cost of care are  
11 established based on ~~ten percent (10%)~~ seven percent (7%) of gross family income. When care  
12 is received at the blended rate, the copayment shall be eighty-three percent (83%) of the full-time  
13 copayment. Copayments for part-time care shall be seventy-five percent (75%) of the full-time  
14 copayment."

15          **SECTION 2.1.(b)** This section becomes effective July 1, 2024.

## 16 17 **PART III. RAISE STATE EMPLOYEE SALARIES**

### 18 19 **ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED COST-OF-LIVING** 20 **ADJUSTMENT/LEGISLATIVE SALARY INCREASES**

21          **SECTION 3.1.(a)** Effective July 1, 2024, except as provided by subsection (c) of  
22 this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human  
23 Resources Act or as otherwise authorized in this act, and (ii) who is employed in a State-funded  
24 position on June 30, 2024, is awarded a cost-of-living adjustment as follows:

- 25           (1) Five percent (5%) effective July 1, 2024.  
26           (2) As otherwise allowed or provided by law.

27          **SECTION 3.1.(b)** The following persons are not eligible to receive the legislative  
28 salary increases provided by subsection (a) of this section:

- 29           (1) Employees of local boards of education.  
30           (2) Local community college employees.  
31           (3) Employees of The University of North Carolina.  
32           (4) Clerks of superior court compensated under G.S. 7A-101.  
33           (5) Officers and employees to which Section 3.7 or Section 3.8 of this Part apply.  
34           (6) Employees of the State Bureau of Investigation and Alcohol Law  
35 Enforcement compensated under this Part.  
36           (7) Employees of the State Highway Patrol compensated under this Part.  
37           (8) Employees of schools operated by the Department of Health and Human  
38 Services, the Department of Public Safety, the Department of Adult  
39 Correction, and the State Board of Education who are paid based on the  
40 Teacher Salary Schedule.

41          **SECTION 3.1.(c)** Permanent part-time employees shall receive the increase  
42 authorized by this section on a prorated and equitable basis.

43          **SECTION 3.1.(d)** No eligible State-funded employee shall be prohibited from  
44 receiving the full salary increase provided in this section solely because the employee's salary  
45 after applying the legislative increase is above the maximum of the salary range prescribed by  
46 the State Human Resources Commission.

### 47 48 **RECEIPT-SUPPORTED COST-OF-LIVING ADJUSTMENT RESERVE**

49          **SECTION 3.2.** State agencies are authorized to use the funding allotted to them from  
50 the Receipt-Supported Cost-of-Living Adjustment Reserve to fundshift a limited number of  
51 receipt-supported positions in the General Fund to net appropriation funding.

**RETENTION PAY FOR STATE EMPLOYEES**

**SECTION 3.3.(a)** All references to "longevity" pay in Chapter 126 of the General Statutes shall be replaced with "retention" pay.

**SECTION 3.3.(b)** The amount of retention pay provided to employees who are full-time or over half-time and have a permanent, time-limited or probationary appointment and who are in pay status for one-half of the regularly scheduled workdays and holidays in a pay period shall be increased to the following amounts:

Years of Total Service	Retention Pay Percentage
2 but less than 5 years	1.0%
5 but less than 10 years	1.5%
10 but less than 15 years	2.0%
15 but less than 20 years	2.5%
20 but less than 25 years	3.5%
25 or more years	4.5%

**RETENTION BONUS AWARDED FOR FISCAL YEAR**

**SECTION 3.4.(a)** Any person (i) whose salary is set by Section 1 of this act or this Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act and (ii) who is continuously employed by the State or a public school unit from November 1, 2023, to March 31, 2024, shall be awarded an additional retention bonus for the 2023-2024 fiscal year in the amount of five hundred dollars (\$500.00), payable during the month of May 2024.

**SECTION 3.4.(b)** Employers of State employees and local education employees shall provide an additional retention bonus of two hundred fifty dollars (\$250.00), payable during the month of May 2024, to all permanent full-time State employees and local education employees who are employed by the State or a public school unit from November 1, 2023, to March 31, 2024, and who earn an annual salary that does not exceed seventy-five thousand dollars (\$75,000).

**SECTION 3.4.(c)** The funds appropriated for retention bonuses in excess of the amounts required to implement these bonuses shall revert and not be credited to the Pay Plan Reserve.

**SECTION 3.4.(d)** Notwithstanding G.S. 135-1(7a), the compensation bonuses awarded by this section are not compensation under Article 1 of Chapter 135 of the General Statutes, the Teachers' and State Employees' Retirement System.

**SECTION 3.4.(e)** The compensation bonuses awarded by this section are not part of annual salary and shall be paid out separately. The compensation bonus shall be awarded to eligible permanent employees without regard to an employee's placement within the salary range, including employees at the top of the salary range. The compensation bonus shall be adjusted pro rata for permanent part-time employees.

**COMMUNITY COLLEGES**

**SECTION 3.5.** Effective July 1, 2024, the State Board of Community Colleges shall provide community college faculty and non-faculty personnel with an increase as provided by this act.

**UNIVERSITY OF NORTH CAROLINA SYSTEM**

**SECTION 3.6.(a)** Effective for the 2024-2025 fiscal year, the annual salaries of The University of North Carolina SHRA employees shall be increased as provided by this act.

**SECTION 3.6.(b)** For the 2024-2025 fiscal year, the Board of Governors of The University of North Carolina may provide EHRA employees a salary increase pursuant to the policies adopted by the Board. Funds for EHRA compensation increases may be used for any

one or more of the following purposes: (i) merit pay, (ii) across-the-board increases, (iii) recruitment bonuses, (iv) retention increases, and (v) any other compensation increase pursuant to those policies.

**SECTION 3.6.(c)** The Board of Governors of The University of North Carolina shall make a report on the use of compensation increase and bonus funds for the 2024-2025 fiscal year to the General Assembly by no later than October 1, 2024.

**CORRECTIONAL OFFICERS/YOUTH COUNSELORS/YOUTH COUNSELOR TECHNICIANS/YOUTH SERVICES BEHAVIORAL SPECIALISTS – SALARY SCHEDULE**

**SECTION 3.7.(a)** State employees serving as correctional officers in the Department of Adult Correction shall be compensated at a specific pay rate on the basis of a salary schedule determined according to the duration of the employee's correctional officer work experience.

**SECTION 3.7.(a1)** State employees serving in the Department of Public Safety, Division of Juvenile Justice and Delinquency Prevention, shall be compensated at a specific pay rate set on the basis of a salary schedule determined according to the duration of the employee's work experience, as follows:

- (1) Youth Counselor Technicians shall be paid under the Correctional Officer I salary schedule.
- (2) Youth Services Behavioral Specialists shall be paid under the Correctional Officer II salary schedule.
- (3) Youth Counselors shall be paid under the Correctional Officer III salary schedule.

**SECTION 3.7.(b)** The following annual salary schedule applies for the 2024-2025 fiscal year, effective July 1, 2024:

<b>FY 2024-25</b>				
<b>Experience</b>	<b>COI</b>	<b>COII</b>	<b>COIII</b>	
0	38,750	40,025	42,805	
1	41,461	42,825	45,802	
2	43,950	45,440	48,551	
3	46,147	47,665	50,979	
4	47,992	49,572	53,017	
5	49,433	51,058	54,608	
6+	50,422	52,080	55,700	

**SECTION 3.7.(c)** If an employee will not receive a salary increase because the employee's salary exceeds the scheduled salary level, then the employee shall receive an annual salary increase equal to the amount of the across-the-board legislative salary increase authorized in this Part.

**STATE LAW ENFORCEMENT OFFICER SALARY SCHEDULE/INCREASES**

**SECTION 3.8.(a)** Law enforcement officers of the State Bureau of Investigation and Alcohol Law Enforcement shall be compensated pursuant to an experience-based salary schedule and shall be compensated based on the officer's respective work experience pursuant to the salary schedule in subsection (b) of this section.

**SECTION 3.8.(b)** The following annual salary schedule applies for the 2024-2025 fiscal year, effective July 1, 2024:

<b>Years of Experience</b>	<b>FY 2024-25</b>
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1	0	56,151
2	1	59,802
3	2	63,689
4	3	67,829
5	4	72,238
6	5	76,934
7	6+	81,935

**STATE HIGHWAY PATROL/SALARY SCHEDULE/INCREASE**

**SECTION 3.9.(a)** Law enforcement officers of the State Highway Patrol compensated pursuant to an experience-based salary schedule shall be compensated based on the officer's respective work experience pursuant to the salary schedule in subsection (b) of this section.

**SECTION 3.9.(b)** The following annual salary schedule applies for the 2024-2025 fiscal year, effective July 1, 2024:

<b>Years of Experience</b>	<b>FY 2024-25</b>
0	57,750
1	61,504
2	65,501
3	69,759
4	74,293
5	79,122
6+	84,265

**PROBATION AND PAROLE OFFICERS/JUVENILE COURT COUNSELORS – SALARY SCHEDULE**

**SECTION 3.10.(a)** Probation and parole officers shall be compensated pursuant to the experience-based salary schedule based on the officer's respective work experience, as established in subsection (b) of this section.

**SECTION 3.10.(a1)** State employees serving in the Department of Public Safety, Division of Juvenile Justice and Delinquency Prevention, as Juvenile Court Counselors shall be compensated under the probation and parole officer salary schedule.

**SECTION 3.10.(b)** The following annual salary schedule applies for the 2024-2025 fiscal year, effective July 1, 2024:

<b>Years of Experience</b>	<b>FY 2024-25</b>
0	46,785
1	49,825
2	53,066
3	56,514
4	60,188
5	64,100
6+	68,266

**SECTION 3.10.(c)** If an employee will not receive a salary increase because the employee's salary exceeds the scheduled salary level, then the employee shall receive an annual salary increase equal to the amount of the across-the-board legislative salary increase authorized in this Part.

**STATE AGENCY TEACHERS**

1           **SECTION 3.11.(a)** Employees of schools operated by the Department of Health and  
2 Human Services, the Department of Public Safety, the Department of Adult Correction, and the  
3 State Board of Education who are paid on the Teacher Salary Schedule shall be paid as authorized  
4 in this act.

5           **SECTION 3.11.(b)** Employees of the School of Science and Mathematics of The  
6 University of North Carolina who are paid pursuant to a salary schedule adopted by the North  
7 Carolina School of Science and Mathematics Board of Trustees shall be paid in accordance with  
8 the schedule adopted by the Board.

9  
10 **ALL STATE-SUPPORTED PERSONNEL/FLEXIBLE ADMINISTRATION OF**  
11 **COST-OF-LIVING ADJUSTMENTS**

12           **SECTION 3.12.(a)** The cost-of-living adjustments authorized by this act for the  
13 2024-2025 fiscal year shall be paid effective July 1, 2024, and do not apply to persons separated  
14 from service due to resignation, dismissal, reduction in force, death, or retirement or whose last  
15 workday is prior to June 30, 2024.

16           **SECTION 3.12.(b)** The Director of the Budget is granted flexibility to administer  
17 the compensation increases enacted by this act.

18           **SECTION 3.12.(c)** The State employer contribution rates enacted by this act for  
19 retirement and related benefits may be deemed by the Director of the Budget for administrative  
20 purposes to become effective after July 1 of the applicable fiscal year to provide flexibility in the  
21 collection and reconciliation of salary-related contributions as required by law, provided the  
22 estimated amount contributed to any affected employee benefit trust equals the amount that  
23 would have been contributed to the employee benefit trust if the enacted employer contribution  
24 rates had been effective on July 1 of the applicable fiscal year.

25           **SECTION 3.12.(d)** This section applies to all employees paid from State funds,  
26 whether or not subject to or exempt from the North Carolina Human Resources Act, including  
27 employees of public schools, community colleges, and The University of North Carolina.

28  
29 **MOST STATE EMPLOYEES**

30           **SECTION 3.13.** Unless otherwise expressly provided by this Part, the annual salaries  
31 in effect for the following persons on June 30, 2024, shall be legislatively increased as provided  
32 by Section 2.1 of this act:

- 33           (1) Permanent, full-time State officials and persons whose salaries are set in  
34 accordance with the State Human Resources Act.
- 35           (2) Permanent, full-time State officials and persons in positions exempt from the  
36 State Human Resources Act.
- 37           (3) Permanent, part-time State employees.
- 38           (4) Temporary and permanent hourly State employees.

39  
40 **USE OF FUNDS APPROPRIATED FOR COST-OF-LIVING ADJUSTMENT/BENEFIT**  
41 **INCREASES**

42           **SECTION 3.14.(a)** The Office of State Budget and Management shall ensure that  
43 the appropriations made in this act for cost-of-living adjustments and employee benefits are used  
44 only for these purposes.

45           **SECTION 3.14.(b)** If the Director of the Budget determines that funds appropriated  
46 to a State agency for mandated salary increases and employee benefits exceed the amount  
47 required by that agency for those purposes, the Director may reallocate those funds to other State  
48 agencies that received insufficient funds for required cost-of-living and benefit increases.

49           **SECTION 3.14.(c)** Funds appropriated for cost-of-living adjustments and employee  
50 benefit increases may not be used to adjust the budgeted salaries of vacant positions or to provide  
51 salary increases in excess of those required by the General Assembly except to increase the

1 budgeted salary of any position to the minimum of the position's salary range and to meet  
2 retention pay needs.

3 **SECTION 3.14.(d)** Any funds appropriated for cost-of-living adjustment and  
4 employee benefit increases in excess of the amounts required to implement the increases pursuant  
5 to subsection (c) of this section shall be credited to the Pay Plan Reserve.

6 **SECTION 3.14.(e)** By October 1, 2024, the Office of State Budget and Management  
7 shall report to the Joint Legislative Commission on Governmental Operations on the expenditure  
8 of funds for legislatively mandated salary increases and employee benefits. This report shall  
9 include at least the following information for each State agency:

- 10 (1) The total amount of funds that the agency received for legislatively mandated  
11 salary increases and employee benefits.
- 12 (2) The total amount of funds transferred from the agency to other State agencies  
13 pursuant to subsection (b) of this section. This section of the report shall  
14 identify the amounts transferred to each recipient State agency.
- 15 (3) The total amount of funds used by the agency for legislatively mandated salary  
16 increases and employee benefits.
- 17 (4) The amount of funds used pursuant to subsection (c) of this section.

18 **SECTION 3.14.(f)** If the compensation provisions of this Part and S.L. 2023-134 are  
19 in conflict, the provisions of this act shall control to resolve the conflict.  
20

21 **SALARY-RELATED CONTRIBUTIONS ADJUSTMENTS**

22 **SECTION 3.15.** Section 39.26(c) of S.L. 2023-134 reads as rewritten:

23 "**SECTION 39.26.(c)** Effective July 1, 2024, the State's employer contribution rates  
24 budgeted for retirement and related benefits as a percentage of covered salaries for the 2024-2025  
25 fiscal year for teachers and State employees, State law enforcement officers (LEOs), the  
26 University and Community Colleges Optional Retirement Programs (ORPs), the Consolidated  
27 Judicial Retirement System (CJRS), and the Legislative Retirement System (LRS) are as set forth  
28 below:

	<b>Teachers and State Employees</b>	<b>State LEOs</b>	<b>ORPs</b>	<b>CJRS</b>	<b>LRS</b>
32 Retirement	<del>16.79%</del> <u>17.92%</u>	<del>16.79%</del> <u>17.92%</u>	6.84%	<del>37.00%</del> <u>39.32%</u>	<del>22.00%</del> <u>23.97%</u>
33 Disability	0.13%	0.13%	0.13%	0.00%	0.00%
34 Death	0.13%	0.13%	0.00%	0.00%	0.00%
35 Retiree Health	6.99%	6.99%	6.99%	6.99%	6.99%
36 NC 401(k)	0.00%	5.00%	0.00%	0.00%	0.00%

37  
38 **Total Contribution**

39 **Rate** ~~24.04%~~25.17%~~29.04%~~30.17% 13.96% ~~43.99%~~46.31% ~~28.99%~~30.96%

40 The rate for teachers and State employees and State law enforcement officers includes one  
41 one-hundredth percent (0.01%) for the Qualified Excess Benefit Arrangement."  
42

43 **PROVIDE COST-OF-LIVING ADJUSTMENT FOR RETIREES OF THE TEACHERS'  
44 AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED  
45 JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT  
46 SYSTEM**

47 **SECTION 3.16.(a)** G.S. 135-5 is amended by addition the following new  
48 subsections to read:

49 "(aaaa) Effective July 4, 2024, the retirement allowance payable to, or on account of,  
50 beneficiaries whose retirement commenced on or before July 1, 2023, is increased by two percent  
51 (2%) of the allowance payable on June 1, 2023, in accordance with subsection (o) of this section.



1 Effective July 4, 2024, the retirement allowance payable to, or on account of, beneficiaries whose  
2 retirement commenced after July 1, 2023, but before June 30, 2024, is increased by a prorated  
3 amount of two percent (2%), as determined by the Board of Trustees based upon the number of  
4 months that a retirement allowance was paid between July 1, 2023, and June 30, 2024.

5 (bbbb) After September 1, 2024, but on or before October 31, 2024, a one-time cost-of-living  
6 supplement payment shall be made to, or on account of, beneficiaries who are living as of  
7 September 1, 2024, and whose retirement commenced on or before September 1, 2024. The  
8 payment shall be one percent (1%) of the beneficiary's annual retirement allowance payable as  
9 of September 1, 2024, and shall not be prorated for date of retirement commencement. If the  
10 beneficiary dies before the payment is made, then the payment shall be payable to the member's  
11 legal representative. No beneficiary shall be deemed to have acquired a vested right to any future  
12 supplemental payments."

13 **SECTION 3.16.(b)** G.S. 135-65 is amended by adding the following new  
14 subsections to read:

15 "(ll) Effective July 4, 2024, the retirement allowance payable to, or on account of,  
16 beneficiaries whose retirement commenced on or before July 1, 2023, is increased by two percent  
17 (2%) of the allowance payable on June 1, 2023. Effective July 4, 2024, the retirement allowance  
18 payable to, or on account of, beneficiaries whose retirement commenced after July 1, 2023, but  
19 before June 30, 2024, is increased by a prorated amount of two percent (2%), as determined by  
20 the Board of Trustees based upon the number of months that a retirement allowance was paid  
21 between July 1, 2023, and June 30, 2024.

22 (mm) After September 1, 2024, but on or before October 31, 2024, a one-time cost-of-living  
23 supplement payment shall be made to, or on account of, beneficiaries who are living as of  
24 September 1, 2024, and whose retirement commenced on or before September 1, 2024. The  
25 payment shall be one percent (1%) of the beneficiary's annual retirement allowance payable as  
26 of September 1, 2024, and shall not be prorated for date of retirement commencement. If the  
27 beneficiary dies before the payment is made, then the payment shall be payable to the member's  
28 legal representative. No beneficiary shall be deemed to have acquired a vested right to any future  
29 supplemental payments."

30 **SECTION 3.16.(c)** G.S. 120-4.22A is amended by adding the following new  
31 subsections to read:

32 "(ff) In accordance with subsection (a) of this section, effective July 4, 2024, the retirement  
33 allowance payable to, or on account of, beneficiaries whose retirement commenced on or before  
34 January 1, 2024, is increased by two percent (2%) of the allowance payable on June 1, 2024.  
35 Effective July 4, 2024, the retirement allowance payable to, or on account of, beneficiaries whose  
36 retirement commenced after January 1, 2024, but before June 30, 2024, is increased by a prorated  
37 amount of two percent (2%), as determined by the Board of Trustees based upon the number of  
38 months that a retirement allowance was paid between January 1, 2024, and June 30, 2024.

39 (gg) In accordance with subsection (a) of this section, after September 1, 2024, but on or  
40 before October 31, 2024, a one-time cost-of-living supplement payment shall be made to, or on  
41 account of, beneficiaries who are living as of September 1, 2024, and whose retirement  
42 commenced on or before September 1, 2024. The payment shall be one percent (1%) of the  
43 beneficiary's annual retirement allowance payable as of September 1, 2024, and shall not be  
44 prorated for date of retirement commencement. If the beneficiary dies before the payment is  
45 made, then the payment shall be payable to the member's legal representative. No beneficiary  
46 shall be deemed to have acquired a vested right to any future supplemental payments."

47  
48 **APPROPRIATION FOR PAY RAISES AND COST-OF-LIVING INCREASES FOR**  
49 **RETIRES**

50 **SECTION 3.17.** Effective July 1, 2024, to fund the pay increases and cost-of-living  
51 adjustments awarded in this Part:

- 1 (1) There is appropriated from the General Fund to the Reserve for Compensation  
2 Increases the sum of two hundred ten million nine thousand dollars  
3 (\$210,009,000) in recurring funds for the 2024-2025 fiscal year.  
4 (2) There is appropriated from the General Fund to the Reserve for Compensation  
5 Increases the sum of three hundred ninety-nine million six hundred eighty-five  
6 thousand dollars (\$399,685,000) in nonrecurring funds for the 2024-2025  
7 fiscal year.  
8

#### 9 PART IV. SMALL BUSINESS TAX CREDIT

10 SECTION 4.1.(a) Article 4A of Subchapter I of Chapter 105 of the General Statutes  
11 is amended by adding a new section to read:

12 "**§ 105-163.6B. Credit to employers for wages paid.**

13 (a) Credit. – A qualifying taxpayer is allowed a credit against the tax imposed by Part 1  
14 or Part 1A of Article 4 of this Chapter, as appropriate, equal to the lesser of (i) ten thousand  
15 dollars (\$10,000) or (ii) five percent (5%) of the wages paid by the qualifying taxpayer during  
16 the taxable year.

17 (b) Credit Refundable. – If the credit allowed by this section exceeds the tax imposed on  
18 the qualifying taxpayer for the taxable year reduced by the sum of all credits allowable, the  
19 Secretary must refund the excess to the qualifying taxpayer. The refundable excess is governed  
20 by the provisions governing a refund of an overpayment by the taxpayer of the tax imposed by  
21 Article 4 of this Chapter. In computing the amount of tax against which multiple credits are  
22 allowed, nonrefundable credits are subtracted before refundable credits.

23 (c) Substantiation. – To claim a credit allowed by this section, the qualifying taxpayer  
24 must provide any information required by the Secretary. Each qualifying taxpayer claiming a  
25 credit under this section must maintain and make available for inspection by the Secretary any  
26 records the Secretary considers necessary to determine and verify the amount of the credit to  
27 which the qualifying taxpayer is entitled. The burden of proving eligibility for a credit and the  
28 amount of the credit rests upon the qualifying taxpayer, and no credit may be allowed to a  
29 qualifying taxpayer that fails to maintain adequate records or to make them available for  
30 inspection.

31 (d) Sunset. – This section is repealed effective for taxable years beginning on or after  
32 January 1, 2027."

33 SECTION 4.1.(b) G.S. 105-163.1 is amended by adding a new subdivision to read:

34 "(11c) Qualifying taxpayer. – An employer or payer subject to income tax under  
35 Article 4 of Chapter 105 of the General Statutes that has annual receipts for  
36 the most recent previous tax year of eight million dollars (\$8,000,000) or less."

37 SECTION 4.1.(c) This section is effective for taxable years beginning on or after  
38 January 1, 2025.

#### 39 PART V. EFFECTIVE DATE

40 SECTION 5. Except as otherwise provided, this act is effective when it becomes  
41 law.  
42