

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2023

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SENATE BILL DRS35358-MTfa-238A

Short Title: Investing in North Carolina Act. (Public)

Sponsors: Senators Grafstein, Batch, and Garrett (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO APPROPRIATE FUNDS TO RAISE SALARIES FOR TEACHERS, STATE  
3 EMPLOYEES, COMMUNITY COLLEGE EMPLOYEES, AND EMPLOYEES OF THE  
4 UNIVERSITY OF NORTH CAROLINA; TO PROVIDE A COST-OF-LIVING INCREASE  
5 FOR RETIREES; TO EXPAND THE WAGES PROGRAM STATEWIDE; AND TO  
6 CREATE A TAX CREDIT FOR QUALIFYING EMPLOYERS EQUAL TO THE LESSER  
7 OF FIVE PERCENT OF WAGES PAID TO EMPLOYEES DURING THE TAXABLE  
8 YEAR OR TEN THOUSAND DOLLARS.

9 The General Assembly of North Carolina enacts:

10  
11 **PART I. RAISE TEACHER SALARIES**

12 **SECTION 1.(a)** The following monthly teacher salary schedule shall apply for the  
13 2024-2025 fiscal year to licensed personnel of the public schools who are classified as teachers.  
14 The salary schedule is based on years of teaching experience.

15 **2024-25 Teacher Monthly Salary Schedule**

16	Years of Experience	"A" Teachers
17	0	4,600
18	1	4,685
19	2	4,770
20	3	4,855
21	4	4,940
22	5	5,025
23	6	5,110
24	7	5,195
25	8	5,280
26	9	5,365
27	10	5,450
28	11	5,535
29	12	5,620
30	13	5,705
31	14	5,790
32	15	5,875
33	16	5,950
34	17-19	6,070
35	20-22	6,135
36	23-25	6,200



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1	26-28	6,295
2	29+	6,370

**SECTION 1.(b)** Salary Supplements for Teachers Paid on This Salary Schedule. –

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

**SECTION 1.(c)** For school psychologists, school speech pathologists who are licensed as speech pathologists at the master's degree level or higher, and school audiologists who are licensed as audiologists at the master's degree level or higher, the following shall apply:

- (1) The first step of the salary schedule shall be equivalent to the sixth step of the "A" salary schedule.
- (2) These employees shall receive the following salary supplements each month:
  - a. Ten percent (10%) of their monthly salary, excluding the supplement provided pursuant to sub-subdivision b. of this subdivision.
  - b. Five hundred dollars (\$500.00).
- (3) These employees are eligible to receive salary supplements equivalent to those of teachers for academic preparation at the six-year degree level or the doctoral degree level.
- (4) The twenty-sixth step of the salary schedule shall be seven and one-half percent (7.5%) higher than the salary received by these same employees on the twenty-fifth step of the salary schedule.

**SECTION 1.(d)** Beginning with the 2014-2015 fiscal year, in lieu of providing annual longevity payments to teachers paid on the teacher salary schedule, the amounts of those longevity payments are included in the monthly amounts under the teacher salary schedule.

**SECTION 1.(e)** A teacher compensated in accordance with this salary schedule for the 2024-2025 school year shall receive an amount equal to the greater of the following:

- (1) The applicable amount on the salary schedule for the applicable school year.
- (2) For teachers who were eligible for longevity for the 2013-2014 school year, the sum of the following:
  - a. The salary the teacher received in the 2013-2014 school year pursuant to Section 35.11 of S.L. 2013-360.
  - b. The longevity that the teacher would have received under the longevity system in effect for the 2013-2014 school year provided in Section 35.11 of S.L. 2013-360 based on the teacher's current years of service.
  - c. The annual bonus provided in Section 9.1(e) of S.L. 2014-100.

(3) For teachers who were not eligible for longevity for the 2013-2014 school year, the sum of the salary and annual bonus the teacher received in the 2014-2015 school year pursuant to Section 9.1 of S.L. 2014-100.

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

**SECTION 1.(g)** There is appropriated from the General Fund to the Department of Public Instruction for the 2024-2025 fiscal year the sum of eight hundred eighty-six million two hundred fifty-five thousand two hundred ninety-seven dollars (\$886,255,297) in recurring funds to implement the teacher raises provided in this section.

**PART II. PAY RAISES FOR STATE EMPLOYEES/COMMUNITY COLLEGES/THE UNIVERSITY OF NORTH CAROLINA AND COST-OF-LIVING INCREASES FOR RETIREES**

**ELIGIBLE STATE-FUNDED EMPLOYEES AWARDED COST-OF-LIVING ADJUSTMENT/LEGISLATIVE SALARY INCREASES**

**SECTION 2.1.(a)** Effective July 1, 2024, except as provided by subsection (c) of this section, a person (i) whose salary is set by this Part, pursuant to the North Carolina Human Resources Act or as otherwise authorized in this act, and (ii) who is employed in a State-funded position on June 30, 2024, is awarded a cost-of-living adjustment as follows:

- (1) Three percent (3%) effective July 1, 2024.
- (2) As otherwise allowed or provided by law.

**SECTION 2.1.(b)** The following persons are not eligible to receive the legislative salary increases provided by subsection (a) of this section:

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

**SECTION 2.1.(c)** Permanent part-time employees shall receive the increase authorized by this section on a prorated and equitable basis.

**SECTION 2.1.(d)** No eligible State-funded employee shall be prohibited from receiving the full salary increase provided in this section solely because the employee's salary after applying the legislative increase is above the maximum of the salary range prescribed by the State Human Resources Commission.

**RECEIPT-SUPPORTED COST-OF-LIVING ADJUSTMENT RESERVE**

**SECTION 2.2.** State agencies are authorized to use the funding allotted to them from the Receipt-Supported Cost-of-Living Adjustment Reserve to fundshift a limited number of receipt-supported positions in the General Fund to net appropriation funding.

**RETENTION PAY FOR STATE EMPLOYEES**

**SECTION 2.3.(a)** All references to "longevity" pay in Chapter 126 of the General Statutes shall be replaced with "retention" pay.

1 SECTION 2.3.(b) The amount of retention pay provided to employees who are  
2 full-time or over half-time and have a permanent, time-limited or probationary appointment and  
3 who are in pay status for one-half of the regularly scheduled workdays and holidays in a pay  
4 period shall be increased to the following amounts:

5 Years of Total Service	Retention Pay Percentage
6 2 but less than 5 years	1.0%
7 5 but less than 10 years	1.5%
8 10 but less than 15 years	2.0%
9 15 but less than 20 years	2.5%
10 20 but less than 25 years	3.5%
11 25 or more years	4.5%

12  
13 **RETENTION BONUS AWARDED FOR FISCAL YEAR**

14 SECTION 2.4.(a) Any person (i) whose salary is set by Section 1 of this act or this  
15 Part, pursuant to the North Carolina Human Resources Act, or as otherwise authorized in this act  
16 and (ii) who is continuously employed by the State or a public school unit from November 1,  
17 2023, to March 31, 2024, shall be awarded an additional retention bonus for the 2023-2024 fiscal  
18 year in the amount of five hundred dollars (\$500.00), payable during the month of May 2024.

19 SECTION 2.4.(b) Employers of State employees and local education employees  
20 shall provide an additional retention bonus of two hundred fifty dollars (\$250.00), payable  
21 during the month of May 2024, to all permanent full-time State employees and local education  
22 employees who are employed by the State or a public school unit from November 1, 2023, to  
23 March 31, 2024, and who earn an annual salary that does not exceed seventy-five thousand  
24 dollars (\$75,000).

25 SECTION 2.4.(c) The funds appropriated for retention bonuses in excess of the  
26 amounts required to implement these bonuses shall revert and not be credited to the Pay Plan  
27 Reserve.

28 SECTION 2.4.(d) Notwithstanding G.S. 135-1(7a), the compensation bonuses  
29 awarded by this section are not compensation under Article 1 of Chapter 135 of the General  
30 Statutes, the Teachers' and State Employees' Retirement System.

31 SECTION 2.4.(e) The compensation bonuses awarded by this section are not part of  
32 annual salary and shall be paid out separately. The compensation bonus shall be awarded to  
33 eligible permanent employees without regard to an employee's placement within the salary range,  
34 including employees at the top of the salary range. The compensation bonus shall be adjusted pro  
35 rata for permanent part-time employees.

36  
37 **COMMUNITY COLLEGES**

38 SECTION 2.5. Effective July 1, 2024, the State Board of Community Colleges shall  
39 provide community college faculty and non-faculty personnel with an across-the-board salary  
40 increase in the amount of three percent (3%).

41  
42 **UNIVERSITY OF NORTH CAROLINA SYSTEM**

43 SECTION 2.6.(a) Effective for the 2024-2025 fiscal year, the annual salaries of The  
44 University of North Carolina SHRA employees shall be increased as provided by Section 7.1 of  
45 this act.

46 SECTION 2.6.(b) For the 2024-2025 fiscal year, the Board of Governors of The  
47 University of North Carolina may provide EHRA employees a salary increase pursuant to the  
48 policies adopted by the Board. Funds for EHRA compensation increases may be used for any  
49 one or more of the following purposes: (i) merit pay, (ii) across-the-board increases, (iii)  
50 recruitment bonuses, (iv) retention increases, and (v) any other compensation increase pursuant  
51 to those policies.

SECTION 2.6.(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 2.7.(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 2.7.(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 2.7.(b) The following annual salary schedule applies for the 2024-2025 fiscal year, July 1, 2024:

Table with columns: Experience, FY 2024-25 COI, COII, COIII. Rows show salary ranges for experience levels 0 through 6+.

SECTION 2.7.(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 2.8.(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 2.8.(b) The following annual salary schedule applies for the 2024-2025 fiscal year, effective July 1, 2024:

Table with columns: Years of Experience, FY 2024-25. Rows show salary values for 0, 1, and 2 years of experience.

1	3	66,537
2	4	70,862
3	5	75,468
4	6+	80,374

5  
6 **STATE HIGHWAY PATROL/SALARY SCHEDULE/INCREASE**

7 **SECTION 2.9.(a)** Law enforcement officers of the State Highway Patrol  
8 compensated pursuant to an experience-based salary schedule shall be compensated based on the  
9 officer's respective work experience pursuant to the salary schedule in subsection (b) of this  
10 section.

11 **SECTION 2.9.(b)** The following annual salary schedule applies for the 2024-2025  
12 fiscal year, effective July 1, 2024:

14	<b>Years of Experience</b>	<b>FY 2024-25</b>
15	0	56,650
16	1	60,332
17	2	64,253
18	3	68,430
19	4	72,878
20	5	77,615
21	6+	82,660

22  
23 **PROBATION AND PAROLE OFFICERS/JUVENILE COURT COUNSELORS –**  
24 **SALARY SCHEDULE**

25 **SECTION 2.10.(a)** Probation and parole officers shall be compensated pursuant to  
26 the experience-based salary schedule based on the officer's respective work experience, as  
27 established in subsection (b) of this section.

28 **SECTION 2.10.(a1)** State employees serving in the Department of Public Safety,  
29 Division of Juvenile Justice and Delinquency Prevention, as Juvenile Court Counselors shall be  
30 compensated under the probation and parole officer salary schedule.

31 **SECTION 2.10.(b)** The following annual salary schedule applies for the 2024-2025  
32 fiscal year, effective July 1, 2024:

34	<b>Years of Experience</b>	<b>FY 2024-25</b>
35	Years of Experience FY 2024-25	
36	0	46,745
37	1	49,783
38	2	53,020
39	3	56,466
40	4	60,137
41	5	64,045
42	6+	68,209

43 **SECTION 2.10.(c)** If an employee will not receive a salary increase because the  
44 employee's salary exceeds the scheduled salary level, then the employee shall receive an annual  
45 salary increase equal to the amount of the across-the-board legislative salary increase authorized  
46 in this Part.

47  
48 **STATE AGENCY TEACHERS**

49 **SECTION 2.11.(a)** Employees of schools operated by the Department of Health and  
50 Human Services, the Department of Public Safety, Department of Adult Correction, and the State

1 Board of Education who are paid on the Teacher Salary Schedule shall be paid as authorized in  
2 this act.

3 **SECTION 2.11.(b)** Employees of the School of Science and Mathematics of The  
4 University of North Carolina who are paid pursuant to a salary schedule adopted by the North  
5 Carolina School of Science and Mathematics Board of Trustees shall be paid in accordance with  
6 the schedule adopted by the Board.

7  
8 **ALL STATE-SUPPORTED PERSONNEL/FLEXIBLE ADMINISTRATION OF**  
9 **COST-OF-LIVING ADJUSTMENTS**

10 **SECTION 2.12.(a)** The cost-of-living adjustments authorized by this act for the  
11 2024-2025 fiscal year, shall be paid effective on July 1, 2024, and do not apply to persons  
12 separated from service due to resignation, dismissal, reduction in force, death, or retirement or  
13 whose last workday is prior to June 30, 2024.

14 **SECTION 2.12.(b)** The Director of the Budget is granted flexibility to administer  
15 the compensation increases enacted by this act.

16 **SECTION 2.12.(c)** The State employer contribution rates enacted by this act for  
17 retirement and related benefits may be deemed by the Director of the Budget for administrative  
18 purposes to become effective after July 1 of the applicable fiscal year to provide flexibility in the  
19 collection and reconciliation of salary-related contributions as required by law, provided the  
20 estimated amount contributed to any affected employee benefit trust equals the amount that  
21 would have been contributed to the employee benefit trust if the enacted employer contribution  
22 rates had been effective on July 1 of the applicable fiscal year.

23 **SECTION 2.12.(d)** This section applies to all employees paid from State funds,  
24 whether or not subject to or exempt from the North Carolina Human Resources Act, including  
25 employees of public schools, community colleges, and The University of North Carolina.

26  
27 **MOST STATE EMPLOYEES**

28 **SECTION 2.13.** Unless otherwise expressly provided by this Part, the annual salaries  
29 in effect for the following persons on June 30, 2024, shall be legislatively increased as provided  
30 by Section 2.1 of this act:

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

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

40 **SECTION 2.14.(a)** The Office of State Budget and Management shall ensure that  
41 the appropriations made in this act for cost-of-living adjustments and employee benefits are used  
42 only for these purposes.

43 **SECTION 2.14.(b)** If the Director of the Budget determines that funds appropriated  
44 to a State agency for mandated salary increases and employee benefits exceed the amount  
45 required by that agency for those purposes, the Director may reallocate those funds to other State  
46 agencies that received insufficient funds for required cost-of-living and benefit increases.

47 **SECTION 2.14.(c)** Funds appropriated for cost-of-living adjustments and employee  
48 benefit increases may not be used to adjust the budgeted salaries of vacant positions or to provide  
49 salary increases in excess of those required by the General Assembly except to increase the  
50 budgeted salary of any position to the minimum of the position's salary range and to meet  
51 retention pay needs.

1           **SECTION 2.14.(d)** Any funds appropriated for cost-of-living adjustment and  
 2 employee benefit increases in excess of the amounts required to implement the increases pursuant  
 3 to subsection (c) of this section shall be credited to the Pay Plan Reserve.

4           **SECTION 2.14.(e)** By October 1, 2024, the Office of State Budget and Management  
 5 shall report to the Joint Legislative Commission on Governmental Operations on the expenditure  
 6 of funds for legislatively mandated salary increases and employee benefits. This report shall  
 7 include at least the following information for each State agency:

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

16           **SECTION 2.14.(f)** If the compensation provisions of this Part and S.L. 2023-134 are  
 17 in conflict, the provisions of this act shall control to resolve the conflict.

18  
 19 **SALARY-RELATED CONTRIBUTIONS ADJUSTMENTS**

20           **SECTION 2.15.** Section 39.26(c) of S.L. 2023-134 reads as rewritten:

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

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

35  
 36 **Total Contribution**

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

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

40  
 41 **PROVIDE COST-OF-LIVING ADJUSTMENT FOR RETIREES OF THE TEACHERS'  
 42 AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED  
 43 JUDICIAL RETIREMENT SYSTEM, AND THE LEGISLATIVE RETIREMENT  
 44 SYSTEM**

45           **SECTION 2.16.(a)** G.S. 135-5 is amended by adding the following new subsections  
 46 to read:

47           "(aaaa) Effective July 4, 2024, the retirement allowance payable to, or on account of,  
 48 beneficiaries whose retirement commenced on or before July 1, 2023, is increased by two percent  
 49 (2%) of the allowance payable on June 1, 2023, in accordance with subsection (o) of this section.  
 50 Effective July 4, 2024, the retirement allowance payable to, or on account of, beneficiaries whose  
 51 retirement commenced after July 1, 2023, but before June 30, 2024, is increased by a prorated



1 amount of two percent (2%), as determined by the Board of Trustees based upon the number of  
2 months that a retirement allowance was paid between July 1, 2023, and June 30, 2024.

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

11 **SECTION 2.16.(b)** G.S. 135-65 is amended by adding the following new  
12 subsections to read:

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

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

28 **SECTION 2.16.(c)** G.S. 120-4.22A is amended by adding the following new  
29 subsections to read:

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

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

#### 45 46 **APPROPRIATION FOR PAY RAISES AND COST-OF-LIVING INCREASES FOR** 47 **RETIRES**

48 **SECTION 2.17.** Effective July 1, 2024, to fund the pay increases and cost-of-living  
49 adjustments awarded in this Part:

- 50 (1) There is appropriated from the General Fund to the Reserve for Compensation  
51 Increases the sum of four hundred sixty-three million five hundred eleven

1 thousand dollars (\$463,511,000) in nonrecurring funds for the 2024-2025  
2 fiscal year.

- 3 (2) There is appropriated from the General Fund to the Reserve for Compensation  
4 Increases the sum of two hundred ninety-four thousand eight hundred  
5 seventy-three thousand twenty-eight dollars (\$294,873,728) in recurring  
6 funds for the 2024-2025 fiscal year.  
7

### 8 **PART III. EXPAND THE WAGES PROGRAM STATEWIDE**

9 **SECTION 3.** There is appropriated from the General Fund to the Department of  
10 Health and Human Services, Division of Child Development and Early Education (Division), the  
11 sum of thirty-six million three hundred thousand dollars (\$36,300,000) in recurring funds for the  
12 2024-2025 fiscal year to expand the Child Care WAGES program, which provides salary  
13 supplements for early childhood educators. The funds shall be used to provide education-based  
14 supplements to low-wage educators and expand the program to all 100 counties in this State. The  
15 Division shall administer the WAGES program in the same manner as the Infant-Toddler  
16 Educator AWARD\$ program.  
17

### 18 **PART IV. SMALL BUSINESS TAX CREDIT**

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

#### 21 **"§ 105-163.6B. Credit to employers for wages paid.**

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

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

32 (c) Substantiation. – To claim a credit allowed by this section, the qualifying taxpayer  
33 must provide any information required by the Secretary. Each qualifying taxpayer claiming a  
34 credit under this section must maintain and make available for inspection by the Secretary any  
35 records the Secretary considers necessary to determine and verify the amount of the credit to  
36 which the qualifying taxpayer is entitled. The burden of proving eligibility for a credit and the  
37 amount of the credit rests upon the qualifying taxpayer, and no credit may be allowed to a  
38 qualifying taxpayer that fails to maintain adequate records or to make them available for  
39 inspection.

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

42 **SECTION 4.(b)** G.S. 105-163.1 is amended by adding a new subdivision to read:

43 "(11c) **Qualifying taxpayer. – An employer or payer subject to income tax under**  
44 Article 4 of Chapter 105 of the General Statutes that has annual receipts for  
45 the most recent previous tax year of eight million dollars (\$8,000,000) or less."

46 **SECTION 4.(c)** This section is effective for taxable years beginning on or after  
47 January 1, 2025.  
48

### 49 **PART V. EFFECTIVE DATE**

50 **SECTION 5.** Except as otherwise provided, this act becomes effective July 1, 2024.