

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H.B. 476
Mar 20, 2025
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH40280-MRp-21B

Short Title: DST Technical Corrections/Admin. Changes 2025.-AB (Public)

Sponsors: Representative Carson Smith.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT MAKING TECHNICAL CORRECTIONS AND ADMINISTRATIVE CHANGES
3 TO THE LAWS GOVERNING AND RELATED TO THE DEPARTMENT OF STATE
4 TREASURER.

5 The General Assembly of North Carolina enacts:

6
7 **PART I. EXTEND THE PROVISIONAL ENTRY PERIOD OF CHARTER SCHOOLS**
8 **IN THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM**

9 SECTION 1.1. G.S. 135-5.3 reads as rewritten:

10 "§ 135-5.3. **Optional participation for charter schools operated by private nonprofit**
11 **corporations or municipalities.**

12 ...

13 (b3) A charter school seeking to become a participating employer in the Retirement
14 System prior to the end of the second year of operation shall be granted provisional entry into the
15 Retirement System for one year. In the event the employee or employer contributions required
16 under G.S. 135-8(f) are not received by the date set by the Board of Trustees, the Board of
17 Trustees may revoke the charter school's provisional entry into the Retirement System. The
18 Board must notify a charter school in writing not less than 90 days prior to revoking a charter
19 school's provisional entry into the Retirement System. ~~One year after the charter school was~~
20 ~~granted~~ After the charter school's initial year of provisional entry into the Retirement System, the
21 ~~charter school shall undergo an actuarial and financial review as required by the Board of~~
22 ~~Trustees.~~ Trustees may extend the charter school's provisional entry by up to two additional years
23 or the charter school may apply to become a participating employer in the Retirement System. If
24 the Board of Trustees extends the charter school's provisional entry under this subsection, then
25 the charter school may apply to become a participating employer in the Retirement System at
26 any time during the extended period of provisional entry.

27 (b4) A charter school ~~seeking to~~ applying to become a participating employer in the
28 Retirement System after the end of the initial ~~year of operation but before the end of the second~~
29 ~~year of operation may period, or during the extended period, of provisional entry shall~~ undergo
30 an actuarial review and a financial review as required by the Board of Trustees prior to entry into
31 the Retirement System. A charter school seeking to become a participating employer in the
32 Retirement System after the end of the second year of operation shall undergo an actuarial and
33 financial review as required by the Board of Trustees prior to entry into the Retirement System. a
34 decision on the application.

35 ...



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1 (b6) The financial review required under this section will be based on financial statements
2 and independent audit reports or functionally equivalent reports submitted to the Board of
3 Trustees by the charter school. Any charter school that is unable to provide this required
4 information shall not be granted entry into the Retirement System.

5"

6 **SECTION 1.2.** This Part applies to any charter schools that seek to become a
7 participating employer in the Teachers' and State Employees' Retirement System, or are in the
8 initial period of provisional entry into the Retirement System, on or after the date that this act
9 becomes law.

10
11 **PART II. REQUIRE THE BOARD OF TRUSTEES RATHER THAN THE STATE**
12 **TREASURER TO DETERMINE THE REVERSAL OF BENEFITS FORFEITED DUE**
13 **TO FELONIOUS CONDUCT UNDER THE TEACHERS' AND STATE EMPLOYEES'**
14 **RETIREMENT SYSTEM, THE LOCAL GOVERNMENTAL RETIREMENT SYSTEM,**
15 **THE CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, AND THE**
16 **LEGISLATIVE RETIREMENT SYSTEM**

17 **SECTION 2.1.(a)** G.S. 135-18.10A(c) reads as rewritten:

18 "(c) If a member or former member whose benefits under the Retirement System were
19 forfeited under this section, except for the return of member contributions plus interest,
20 subsequently receives an unconditional pardon of innocence, or the conviction is vacated or set
21 aside for any reason, then the member or former member may seek a reversal of the benefit
22 forfeiture by presenting sufficient evidence to the ~~State Treasurer.~~ Board of Trustees. ~~If the State~~
23 ~~Treasurer~~ Board of Trustees determines a reversal of the benefit forfeiture is appropriate, then all
24 benefits will be restored upon repayment of all accumulated contributions plus interest.
25 Repayment of all accumulated contributions that have been received by the individual under the
26 forfeiture provisions of this section must be made in a total lump-sum payment with interest
27 compounded annually at a rate of six and one-half percent (6.5%) for each calendar year from
28 the year of forfeiture to the year of repayment. An individual receiving a reversal of benefit
29 forfeiture must receive reinstatement of the service credit forfeited."

30 **SECTION 2.1.(b)** G.S. 128-38.4A(c) reads as rewritten:

31 "(c) If a member or former member whose benefits under the Retirement System were
32 forfeited under this section, except for the return of member contributions plus interest,
33 subsequently receives an unconditional pardon of innocence, or the conviction is vacated or set
34 aside for any reason, then the member or former member may seek a reversal of the benefit
35 forfeiture by presenting sufficient evidence to the ~~State Treasurer.~~ Board of Trustees. ~~If the State~~
36 ~~Treasurer~~ Board of Trustees determines a reversal of the benefit forfeiture is appropriate, then all
37 benefits will be restored upon repayment of all accumulated contributions plus interest.
38 Repayment of all accumulated contributions that have been received by the individual under the
39 forfeiture provisions of this section must be made in a total lump-sum payment with interest
40 compounded annually at a rate of six and one-half percent (6.5%) for each calendar year from
41 the year of forfeiture to the year of repayment. An individual receiving a reversal of benefit
42 forfeiture must receive reinstatement of the service credit forfeited."

43 **SECTION 2.1.(c)** G.S. 135-75.1A(c) reads as rewritten:

44 "(c) If a member or former member whose benefits under the Retirement System were
45 forfeited under this section, except for the return of member contributions plus interest,
46 subsequently receives an unconditional pardon of innocence, or the conviction is vacated or set
47 aside for any reason, then the member or former member may seek a reversal of the benefit
48 forfeiture by presenting sufficient evidence to the ~~State Treasurer.~~ Board of Trustees. ~~If the State~~
49 ~~Treasurer~~ Board of Trustees determines a reversal of the benefit forfeiture is appropriate, then all
50 benefits will be restored upon repayment of all accumulated contributions plus interest.
51 Repayment of all accumulated contributions that have been received by the individual under the

1 forfeiture provisions of this section must be made in a total lump-sum payment with interest
 2 compounded annually at a rate of six and one-half percent (6.5%) for each calendar year from
 3 the year of forfeiture to the year of repayment. An individual receiving a reversal of benefit
 4 forfeiture must receive reinstatement of the service credit forfeited."

5 **SECTION 2.1.(d)** G.S. 120-4.33A(c) reads as rewritten:

6 "(c) If a member or former member whose benefits under the Retirement System were
 7 forfeited under this section, except for the return of member contributions plus interest,
 8 subsequently receives an unconditional pardon of innocence, or the conviction is vacated or set
 9 aside for any reason, then the member or former member may seek a reversal of the benefit
 10 forfeiture by presenting sufficient evidence to the State Treasurer-Board of Trustees. If the State
 11 Treasurer-Board of Trustees determines a reversal of the benefit forfeiture is appropriate, then all
 12 benefits will be restored upon repayment of all accumulated contributions plus interest.
 13 Repayment of all accumulated contributions that have been received by the individual under the
 14 forfeiture provisions of this section must be made in a total lump-sum payment with interest
 15 compounded annually at a rate of six and one-half percent (6.5%) for each calendar year from
 16 the year of forfeiture to the year of repayment. An individual receiving a reversal of benefit
 17 forfeiture must receive reinstatement of the service credit forfeited."

18 **PART III. CLARIFICATION OF FEES SUBMITTED TO THE STATE TREASURER** 19 **FOR THE LIMITED PRACTICE OF OUT-OF-STATE ATTORNEYS**

20 **SECTION 3.1.** G.S. 84-4.1 reads as rewritten:

21 "**§ 84-4.1. Limited practice of out-of-state attorneys.**

22 Any attorney domiciled in another state, and regularly admitted to practice in the courts of
 23 record of and in good standing in that state, having been retained as attorney for a party to any
 24 civil or criminal legal proceeding pending in the General Court of Justice of North Carolina, the
 25 North Carolina Utilities Commission, the North Carolina Industrial Commission, the Office of
 26 Administrative Hearings of North Carolina, or any administrative agency, may, on motion to the
 27 relevant forum, be admitted to practice in that forum for the sole purpose of appearing for a client
 28 in the proceeding. The motion required under this section shall be signed by the attorney and
 29 shall contain or be accompanied ~~by~~by all of the following:

30 ...

- 31 (7) A fee in the amount of two hundred twenty-five dollars (\$225.00) submitted
 32 and made payable to one of the following: (i) for judicial proceedings, the
 33 presiding clerk of court and (ii) for administrative proceedings, the presiding
 34 administrative agency. The clerk of court or administrative agency shall: (i)
 35 ~~remit transfer, by way of the State's electronic accounting system,~~ two hundred
 36 dollars (\$200.00) of the fee collected to the State Treasurer-North Carolina
 37 Administrative Office of the Courts for support of the General Court of
 38 Justice, and (ii) transmit twenty-five dollars (\$25.00) of the fee collected to
 39 the North Carolina State Bar to regulate the practice of out-of-state attorneys
 40 as provided in this section.

41 Compliance with the foregoing requirements does not deprive the court of the discretionary
 42 power to allow or reject the application."
 43

44 **PART IV. ABLE ACCOUNTS MODIFICATION**

45 **SECTION 4.1.(a)** G.S. 147-86.73 reads as rewritten:

46 "**§ 147-86.73. Administration of ABLE Program.**

47 ...

48 (e) Claim for Medical Assistance Benefits. – ~~To the extent provided in subsection 26~~
 49 U.S.C. § 529A(f) ~~Unless required by federal law,~~ upon the death of a designated beneficiary, the
 50 State shall ~~have not file~~ a claim pursuant to 20 U.S.C. § 529A(f) for payment from the
 51

1 beneficiary's account ~~in an amount equal to the total for any~~ medical assistance paid for the
 2 designated beneficiary ~~after the establishment of the account.~~ beneficiary. The State ~~may~~ shall
 3 file its claim for repayment from the account with the State Treasurer within 60 days of receiving
 4 notice from the State Treasurer of the death of the designated beneficiary. Any remaining funds
 5 in the beneficiary's account shall be distributed as provided in the account agreement or
 6 distributed to the beneficiary's estate if no other designation is made.

7 (f) Notice of the Death of a Designated Beneficiary. – Within 30 days of the date the
 8 State Treasurer receives notice of the death of a designated beneficiary, the State Treasurer shall
 9 provide notice of the designated beneficiary's death to the Department of Health and Human
 10 Services, Division of Health Benefits.

11 ...
 12 (g1) Notice for Designated Beneficiary Receiving Medicaid. – The ABLÉ Account
 13 application package approved in accordance with G.S. 147-86.71(b)(1) shall include notice of
 14 the State's right under subsection (e) of this section to file a claim for payment only if required
 15 by federal law from a designated beneficiary's ABLÉ account following the death of a beneficiary
 16 who received medical assistance benefits.

17 ...
 18 (i) The Department of Health and Human Services shall provide information and
 19 assistance to the Department of State Treasurer and shall enter into a data-sharing agreement with
 20 the Department of State Treasurer for the purpose of the ongoing implementation of this act. The
 21 Department of State Treasurer shall consult with other departments as needed."

22 **SECTION 4.1.(b)** This section is effective when it becomes law and applies to deaths
 23 of designated beneficiaries on or after that date.

24
 25 **PART V. CORRECT STATUTORY REFERENCES TO RESTORATION OF SERVICE**
 26 **AS AN EMPLOYEE OR TEACHER IN THE TEACHERS' AND STATE EMPLOYEES'**
 27 **RETIREMENT SYSTEM**

28 **SECTION 5.1.(a)** G.S. 120-32(1) reads as rewritten:

29 "(1) Determine the number, titles, classification, functions, compensation, and
 30 other conditions of employment of the joint legislative service employees of
 31 the General Assembly, including but not limited to the following departments:
 32 a. Legislative Services Officer and personnel.

33 ...
 34 ~~Temporary employees~~ The provisions of G.S. 135-3(a)(8)c. do not apply to
 35 temporary employees of the General Assembly ~~are exempt from the~~
 36 ~~provisions of G.S. 135-3(8)c., as to~~ with respect to compensation earned in
 37 that status while a temporary employee of the General Assembly."

38 **SECTION 5.1.(b)** G.S. 135-3(a)(8) reads as rewritten:

39 "(8) The provisions of this ~~subsection (8)~~ subdivision shall apply to any member
 40 whose membership is terminated on or after July 1, 1963 and who becomes
 41 entitled to benefits hereunder in accordance with ~~the provisions hereof:~~ all of
 42 the following provisions:

43 ...
 44 c. ~~Should~~ Unless otherwise provided, if a beneficiary who retired on an
 45 early or service retirement allowance under this ~~Chapter~~ Article is
 46 reemployed by, or otherwise engaged to perform services for, an
 47 employer participating in the Retirement System on a part time,
 48 temporary, interim, or on a fee for service basis, whether contractual
 49 or otherwise, ~~except as provided in G.S. 120-32(1),~~ and if ~~such~~ the
 50 beneficiary earns an amount during the 12 month period immediately
 51 following the effective date of retirement or in any calendar year which

1 exceeds fifty percent (50%) of the reported compensation, excluding
 2 terminal payments, during the 12 months of service preceding the
 3 effective date of retirement, or twenty thousand dollars (\$20,000),
 4 whichever is greater, as hereinafter indexed, then the retirement
 5 allowance shall be suspended as of the first day of the month following
 6 the month in which the reemployment earnings exceed the ~~amount~~
 7 ~~above, indexed amount,~~ for the balance of the calendar year, ~~except~~
 8 ~~when unless~~ the reemployment earnings exceed the ~~amount above~~
 9 ~~indexed amount~~ in the month of ~~December, in which case~~ December.
 10 If the reemployment earnings exceed the indexed amount in
 11 December, then the retirement allowance shall not be suspended. ~~The~~
 12 A suspended retirement allowance of the beneficiary shall be
 13 reinstated as of January 1 of each year following suspension. The
 14 amount that may be earned before suspension shall be increased on
 15 January 1 of each year by the percentage change between the
 16 December Consumer Price Index in the year prior to retirement and
 17 the December Consumer Price Index in the year most recently ended,
 18 calculated to the nearest tenth of a percent (1/10 of 1%), provided that
 19 this percentage change is positive.

20 c1. Within 90 days of the end of each month in which a beneficiary is
 21 reemployed under the provisions of sub-subdivision c. of this
 22 subdivision, each employer shall provide a report for that month on
 23 each reemployed beneficiary, including the terms of the
 24 reemployment, the date of the reemployment, and the amount of the
 25 monthly compensation. If the required report is not received within the
 26 required 90 days, the Board may do any or all of the following:

27 ...
 28 e. Any beneficiary who retired on an early or service retirement
 29 allowance as an employee of any State department, agency or
 30 institution under the Law Enforcement Officers' Retirement System
 31 and becomes employed as an employee by a State department, agency,
 32 or institution as an employer participating in the Retirement System
 33 shall become subject to the provisions of ~~G.S. 135-3(8)c and~~
 34 ~~G.S. 135-3(8)d~~ sub-subdivisions c. and d. of this subdivision on and
 35 after January 1, 1989.

36"
 37 **SECTION 5.1.(c)** G.S. 135-3(b) reads as rewritten:

38 "(b) Notwithstanding the provisions of ~~sub-subdivisions~~ sub-subdivisions c. and d. of
 39 subdivision ~~(8)-(a)(8)~~ of this section to the contrary, a beneficiary who was a beneficiary retired
 40 on an early or service retirement with the Law Enforcement Officers' Retirement System at the
 41 time of the transfer of law enforcement officers employed by the State and beneficiaries last
 42 employed by the State to this Retirement System on January 1, 1985, and who also was a
 43 contributing member of this Retirement System on January 1, 1985, shall continue to be paid his
 44 or her retirement allowance without restriction and may continue as a member of this Retirement
 45 System with all the rights and privileges appendant to membership."

46 **SECTION 5.1.(d)** G.S. 135-5(hh) reads as rewritten:

47 "(hh) Notwithstanding any other provision of this Chapter, from and after July 1, 1983, the
 48 retirement allowance payable to each teacher and State employee, who retired prior to July 1,
 49 1973, and who is in receipt of a reduced retirement allowance based upon 30 or more years of
 50 contributing membership service, shall be increased by the elimination of the reduction factors
 51 applicable at the time of their retirement under ~~G.S. 135-3(8)~~ G.S. 135-3(a)(8) or G.S. 135-5(b3).

1 The provisions of this subsection shall apply equally to the allowance of a surviving annuitant of
 2 a beneficiary."

3 **SECTION 5.1.(e)** G.S. 135-5.1(a)(4) reads as rewritten:

4 "(4) Field faculty of the Cooperative Agriculture Extension Service, and tenure
 5 track faculty in North Carolina State University agriculture research programs
 6 who are exempt from the North Carolina Human Resources Act ~~and who are~~
 7 ~~eligible for membership in the Teachers' and State Employees' Retirement~~
 8 ~~System pursuant to G.S. 135-3(1), who in any of the cases described in this~~
 9 ~~subsection (i) who~~ either had been members of the Optional Retirement
 10 Program under the provisions of Chapter 338, Session Laws of 1971,
 11 immediately prior to July 1, 1985, ~~or (ii) or~~ have sought membership as
 12 required in ~~subsection (b), below.~~ subsection (b) of this section. Under the
 13 Optional Retirement Program, the State and the participant shall contribute,
 14 to the extent authorized or required, toward the purchase of ~~such~~ contracts
 15 under subsection (b) of this section or deposited in ~~such~~ trust on the
 16 participant's behalf."

17 **SECTION 5.1.(f)** G.S. 135-27(e)(3) reads as rewritten:

18 "(3) Terminate contributing membership service and be entitled alternatively to the
 19 benefits and allowances provided under ~~G.S. 135-3(8)~~ G.S. 135-3(a)(8) or
 20 G.S. 135-5(a)."

21 **SECTION 5.1.(g)** G.S. 143B-1491(e) reads as rewritten:

22 "(e) The members of the Commission shall receive the salary fixed by the General
 23 Assembly in the Current Operations Appropriations Act and shall receive necessary travel and
 24 subsistence expenses in accordance with the provisions of G.S. 138-6. ~~Notwithstanding any other~~
 25 ~~provision of law, the~~ The half-time members of the Commission shall not be subject to the
 26 provisions of ~~G.S. 135-3(8)(c)~~ G.S. 135-3(a)(8)c."

27
 28 **PART VI. CORRECT REFERENCE TO ARTICLE 11 OF CHAPTER 159 OF THE**
 29 **GENERAL STATUTES**

30 **SECTION 6.1.(a)** G.S. 153A-82 reads as rewritten:

31 "**§ 153A-82. Powers and duties of manager.**

32 (a) The manager is the chief administrator of county government. The manager is
 33 responsible to the board of commissioners for the administration of all departments of county
 34 government under the board's general control and has the following powers and duties:

35 ...

36 (9) The manager shall receive a minimum of six clock hours of education upon
 37 the occurrence, or within six months of the occurrence, of any of the
 38 following:

- 39 a. The Local Government Commission is exercising its authority under
 40 Article ~~10~~11 of Chapter 159 of the General Statutes with respect to
 41 the county.
- 42 b. The county has received a ~~unit~~-letter from the Local Government
 43 Commission due to a deficiency in complying with Chapter 159 of the
 44 General Statutes.

45"

46 **SECTION 6.1.(b)** G.S. 159-25 reads as rewritten:

47 "**§ 159-25. Duties of finance officer; dual signatures on checks; internal control procedures**
 48 **subject to Commission regulation.**

49 ...

50 (d) The Local Government Commission has the authority to require any finance officer
 51 or any other employee who performs the duties of a finance officer to participate in training

1 related to the powers, duties, and responsibilities of the finance officer under any of the following
 2 circumstances: (i) the Commission is exercising its authority under Article ~~10-11~~ of this Chapter
 3 with respect to the employing local government or public authority, (ii) the employing local
 4 government or public authority has received a ~~unit~~-letter from the Commission due to a deficiency
 5 in complying with this Chapter, (iii) the employing local government or public authority has an
 6 internal control material weakness or significant deficiency in the most recently completed
 7 financial audit, or (iv) the finance officer fails to annually meet or attest to the minimum
 8 qualifications of the position, as established by the Commission. The training may be provided
 9 by the Commission, the School of Government at the University of North Carolina, the North
 10 Carolina Community College System, the North Carolina League of Municipalities, the North
 11 Carolina Association of County Commissioners, or other qualified sources at the choice of the
 12 governing board and upon the prior approval of the Commission. When the Commission requires
 13 a finance officer or other employee to participate in training as authorized in this subsection, the
 14 Commission shall notify the finance officer or other employee and the employing local
 15 government or public authority of the required training. Upon completion of the required training
 16 by the finance officer or other employee, the employing local government or public authority
 17 shall submit, in writing, to the Commission proof that the training requirements have been
 18 satisfied.

19 (e) The Local Government Commission may require any local government or public
 20 authority to contract with outside entities in accordance with the terms of subdivision (9) of
 21 subsection (a) of this section if the local government or public authority has received a ~~unit~~-letter
 22 from the Commission due to a deficiency in complying with this Chapter or the local government
 23 or public authority has an internal control finding in the most recently completed financial audit."

24 **SECTION 6.1.(c)** G.S. 160A-148 reads as rewritten:

25 "**§ 160A-148. Powers and duties of manager.**

26 (a) The manager shall be the chief administrator of the city. The manager shall be
 27 responsible to the council for administering all municipal affairs placed in the manager's charge
 28 by the council, and shall have the following powers and duties:

29 ...

30 (9) The manager shall receive a minimum of six clock hours of education upon
 31 the occurrence, or within six months of the occurrence, of any of the
 32 following:

- 33 a. The Local Government Commission is exercising its authority under
 34 Article ~~10-11~~ of Chapter 159 of the General Statutes with respect to
 35 the city.
- 36 b. The city has received a ~~unit~~-letter from the Local Government
 37 Commission due to a deficiency in complying with Chapter 159 of the
 38 General Statutes.

39"

41 PART VII. MISCELLANEOUS TECHNICAL AND CONFORMING CHANGES

42 **SECTION 7.1.** G.S. 120-4.21(b2)(3) reads as rewritten:

43 "(3) For a member whose retirement date occurs on or after ~~his~~-the member's 50th
 44 birthday and before ~~his~~-the member's 60th birthday and upon completion of
 45 20 years of creditable service, computation as in subdivision (2) of this
 46 subsection, reduced by the same percentage as provided for ~~in Article 4 of~~
 47 Chapter 135 of the General Statutes under G.S. 135-5(b21)(2)."

48 **SECTION 7.2.** G.S. 120-4.28 reads as rewritten:

49 "**§ 120-4.28. Survivor's alternate benefit.**

50 (a) ~~The designated beneficiary of~~ If a member ~~who~~ dies in service before retirement but
 51 after age 60 and after completing five years of creditable service or after completing 12 years of

1 ~~creditable service~~ service, then the principal beneficiary designated by that member to receive a
 2 return of accumulated contributions under G.S. 120-4.25 is entitled to Option 2 prescribed by
 3 G.S. 120-4.26.

4 ~~(b) In the event that~~ If a retirement allowance becomes payable under this section to the
 5 principal beneficiary designated to receive a return of accumulated contributions pursuant to this
 6 subsection and that principal beneficiary dies before the total of the retirement allowances paid
 7 equals is equal to or greater than the amount of those the member's accumulated contributions
 8 over the total of the retirement allowances paid to the beneficiary, contributions, then the
 9 allowance excess of those accumulated contributions over the total of the retirement allowance
 10 paid to the principal beneficiary shall be paid in a lump sum to the person or persons the member
 11 has designated as the contingent beneficiary for return of accumulated contributions, if the person
 12 or persons contributions under G.S. 120-4.25.

13 (c) If a retirement allowance becomes payable under this section and the principal
 14 beneficiary is not living at the time the payment falls due, then the retirement allowance shall be
 15 paid to the contingent beneficiary designated to receive a return of accumulated contributions
 16 under G.S. 120-4.25. If that contingent beneficiary dies before the total of the retirement
 17 allowances paid is equal to or greater than the amount of the member's accumulated
 18 contributions, then the excess of those accumulated contributions over the total of the retirement
 19 allowances paid to the contingent beneficiary shall be paid in a lump sum to the contingent
 20 beneficiary's legal representative.

21 (d) If no beneficiaries are living at the time the payment required under this section first
 22 falls due, otherwise to then the allowance shall be paid in a lump sum to the principal beneficiary's
 23 legal representative. In the event that a retirement allowance becomes payable to the contingent
 24 beneficiary designated to receive a return of accumulated contributions pursuant to subsection
 25 (m) of this section and that beneficiary dies before the total of the retirement allowances paid
 26 equals the amount of the accumulated contributions of the member at the date of the member's
 27 death, the excess of those accumulated contributions over the total of the retirement allowances
 28 paid to the beneficiary shall be paid in a lump sum to the contingent beneficiary's legal
 29 representative."

30 **SECTION 7.3.** G.S. 128-28(c) reads as rewritten:

31 "(c) Members of Board. – The Board shall consist of (i) five members of the Board of
 32 Trustees of the Teachers' and State Employees' Retirement System appointed under
 33 G.S. 135-6(b): the State Treasurer; the Superintendent of Public Instruction; the two members
 34 appointed by the General Assembly; and one of the two members appointed by the Governor
 35 who are not members of the teaching profession or State employees; and (ii) eight members
 36 designated by the ~~Governor~~ Governor. The members designated by the Governor are as follows:

- 37 (1) One member shall be a mayor or a member of the governing body of a city or
 38 town participating in the Retirement ~~System~~ System.
- 39 (2) One member shall be a county commissioner of a county participating in the
 40 Retirement ~~System~~ System.
- 41 (3) One member shall be a law-enforcement officer employed by an employer
 42 participating in the Retirement ~~System~~ System.
- 43 (4) One member shall be a county manager of a county participating in the
 44 Retirement ~~System~~ System.
- 45 (5) One member shall be a city or town manager of a city or town participating in
 46 the Retirement ~~System~~ System.
- 47 (6) One member shall be an active, Fair Labor Standards Act nonexempt, local
 48 governmental employee of an ~~employer~~ employer.
- 49 (7) One member shall be a retired, Fair Labor Standards Act nonexempt, local
 50 governmental employee of an ~~employer~~ and employer.

(8) One member shall be an active or retired member of the ~~Firemen's~~ North Carolina Firefighters' and Rescue Squad Workers' Pension Fund.

The Governor shall designate eight members on April 1 of years in which an election is held for the office of Governor, or as soon thereafter as possible, and each of the eight members designated by the Governor shall serve on the Board in addition to the regular duties of ~~their~~ the member's city, town, or county ~~office: Provided, that if~~ office. If for any reason any member appointed pursuant to subdivisions (1) through (6) of this subsection vacates the city, town, or county office or employment ~~which~~ that the member held at the time of this designation, then the Governor shall designate another member to serve until the next regular date for the designation of members to serve on the Board."

SECTION 7.4. G.S. 128-26A is redesignated as G.S. 128-26.1.

SECTION 7.5. G.S. 135-48.40(d)(10) reads as rewritten:

"(d) Fully Contributory Coverage. – The following persons shall be eligible for coverage under the Plan, on a fully contributory basis, subject to the provisions of G.S. 135-48.43:

- ...
- (10) Any eligible dependent child of the deceased retiree, teacher, State employee, member of the General Assembly, former member of the General Assembly, or Disability Income Plan beneficiary, provided the child was covered at the time of death of the retiree, teacher, State employee, member of the General Assembly, former member of the General Assembly, or Disability Income Plan beneficiary, ~~(or was in posse at the time and is covered at birth under this Part), Part,~~ or was covered under the Plan on September 30, 1986. An eligible surviving dependent child can remain covered until age 26 or indefinitely if certified as incapacitated under ~~G.S. 135-44.41(b).~~ G.S. 135-48.41(b)."

PART VIII. EFFECTIVE DATE

SECTION 8.1. This act is effective when it becomes law.