

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 476
PROPOSED COMMITTEE SUBSTITUTE H476-PCS10412-DC-9

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

(Public)

Sponsors:

Referred to:

March 24, 2025

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

The General Assembly of North Carolina enacts:

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

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

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

...

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

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

...



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

...."

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

...

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

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

PART IV. ABLE ACCOUNTS MODIFICATION

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

"§ 147-86.73. Administration of ABLE Program.

...

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

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

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

...

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

...

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

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

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

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

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

...

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

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

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

...

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

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

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

...

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

...."

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

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

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

"(hh) Notwithstanding any other provision of this Chapter, from and after July 1, 1983, the retirement allowance payable to each teacher and State employee, who retired prior to July 1, 1973, and who is in receipt of a reduced retirement allowance based upon 30 or more years of contributing membership service, shall be increased by the elimination of the reduction factors 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).

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

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

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

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

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

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

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

PART VI. CORRECT REFERENCE TO ARTICLE 11 OF CHAPTER 159 OF THE GENERAL STATUTES

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

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

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

...

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

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

...."

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

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

...

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

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

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

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

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

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

...

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

a. The Local Government Commission is exercising its authority under Article ~~10-11~~ of Chapter 159 of the General Statutes with respect to the city.

b. The city has received a ~~unit~~-letter from the Local Government Commission due to a deficiency in complying with Chapter 159 of the General Statutes.

...."

PART VII. MISCELLANEOUS TECHNICAL AND CONFORMING CHANGES

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

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

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

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

(a) ~~The designated beneficiary of~~ If a member who dies in service before retirement but 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.~~ 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.