

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021**

**SESSION LAW 2021-178
SENATE BILL 311**

AN ACT PROHIBITING MEMBERSHIP WAITING PERIODS FOR ELIGIBLE EMPLOYEES UNDER THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM, UPDATING THE VOLUNTEER FIRE DEPARTMENT FUND MATCHING REQUIREMENTS, AND GIVING THE BOARD OF TRUSTEES OF THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM THE DISCRETIONARY AUTHORITY TO PROVIDE ONE-TIME PENSION SUPPLEMENTS TO ITS MEMBERS; AND TO REDUCE THE SUTA TAX RATE FOR 2022.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 128-24 is amended by adding a new subdivision to read:

"(1b) A participating employer is prohibited from imposing a waiting period on any employees who are otherwise eligible to become members of the Retirement System."

SECTION 2. G.S. 58-87-1 reads as rewritten:

"Article 87.

"Volunteer Safety Workers Assistance.

"§ 58-87-1. Volunteer Fire Department Fund.

(a) Fund. – The Volunteer Fire Department Fund is created as an interest-bearing, nonreverting fund in the Department to provide ~~matching~~ grants to volunteer fire departments to purchase equipment and make capital improvements. The Commissioner shall administer the Fund. Up to one percent (1%) of the Fund may be used for additional staff and resources to administer the Fund in each fiscal year.

(a1) Grant Program. – An eligible fire department may apply to the Commissioner for a grant under this section. In awarding grants under this section, the Commissioner must, to the extent possible, select applicants from all parts of the State based upon need. The Commissioner must award the grants on May 15, or on the first business day after May 15 if May 15 falls on a weekend or a holiday, of each year subject to the following limitations:

- (1) The size of a grant may not exceed thirty thousand dollars (\$30,000).
- (2) ~~The applicant shall match the grant on a dollar for dollar basis, unless the applicant receives less than fifty thousand dollars (\$50,000) per year from municipal and county funding, in which case the applicant shall match one dollar (\$1.00) for each three dollars (\$3.00) of grant funds.~~

(2a) The applicant shall match the grant as follows:

- a. Applicants receiving less than or equal to fifty thousand dollars (\$50,000) per year from municipal and county funding are not required to match the grant funding.
- b. Applicants receiving more than fifty thousand dollars (\$50,000) but less than or equal to seventy-five thousand dollars (\$75,000) per year from municipal and county funding shall match one dollar (\$1.00) for each three dollars (\$3.00) of grant funds.



- c. Applicants receiving more than seventy-five thousand dollars (\$75,000) per year from municipal and county funding shall match the grant on a dollar-for-dollar basis.
- (3) The grant may be used only for equipment purchases, payment of highway use taxes on those purchases, costs of putting property acquired from the Department of Defense through the Firefighter Property (FFP) and federal Excess Property (FEPP) programs in service, or capital expenditures necessary to provide fire protection services.
- (4) An applicant may receive no more than one grant per fiscal year.
- (b) **Eligible Fire Department.** – A fire department is eligible for a grant under this section if it meets all of the conditions of this subsection. No fire department may be declared ineligible for a grant solely because it is classified as a municipal fire department. [The required conditions are:]
- (1) Repealed by Session Laws 2016-78, s. 2.1(a), effective June 30, 2016.
- (2) It consists entirely of volunteer members, with the exception that the unit may have paid members to fill the equivalent of six full-time paid positions.
- (3) It has been certified by the Department of Insurance.
- (c) **Report.** – The Commissioner must submit a written report to the General Assembly within 60 days after the grants have been made. This report must contain the following:
- (1) The amount of the grant and the name of the recipient.
- (2) The Fund balance at the beginning of the grant cycle.
- (3) Cash receipts through the previous grant cycle.
- (4) Cash disbursements through the previous grant cycle.
- (5) The Fund balance at the beginning and end of the previous grant cycle.
- (d) Any funding on deposit with the State Treasury for the purposes defined herein is appropriated up to the amount needed to reimburse volunteer fire departments for grants awarded during the most recent grant cycle."

SECTION 3.(a) G.S. 128-27 is amended by adding a new subsection to read:

"(k1) Discretionary One-Time Pension Supplements. – As of December 31 of each year after 2020, the ratio (R) of the Consumer Price Index to such index one year earlier shall be determined, and each beneficiary on the retirement rolls as of July 1 of the calendar year of determination shall be entitled to have a one-time pension supplement paid during October of the same calendar year; provided that any such one-time pension supplement shall be contingent upon a determination by the Board of Trustees under subsection (k) of this section that a permanent increase in benefits will not be paid during the same fiscal year as the one-time pension supplement, but the total fund is providing sufficient investment gains to cover the additional actuarial liabilities on account of such one-time pension supplement. The determination of whether there are sufficient investment gains to cover the one-time pension supplement shall reside exclusively within the discretion of the Board of Trustees and shall be informed by the findings within the annual actuarial valuation reports. In considering whether to grant a one-time pension supplement, the Board of Trustees shall take into account both the rate of inflation as determined by the Consumer Price Index and the record of investment gains or losses during the preceding three-year period. The amount of the one-time pension supplement shall be calculated as a percentage of the annual retirement allowance, where the percentage used is the ratio (R) calculated to the nearest tenth of one per centum (1/10 of 1%), but not more than four per centum (4%).

A surviving annuitant of a beneficiary shall be provided a one-time pension supplement under this subsection, when and if payable, calculated using the same per centum.

Any supplement granted under this subsection shall be a one-time pension supplement and not a permanent increase in benefits. If the beneficiary dies before payment of the one-time pension supplement is made, then the payment shall be payable to the member's estate or legal

representative. No beneficiary shall be deemed to have acquired a vested or contractual right or entitlement to any future one-time pension supplement under this subsection."

SECTION 3.(b) G.S. 150B-1(d) is amended by adding a new subdivision to read:

"(31) The Retirement System Board of Trustees established under G.S. 128-28 with respect to determining if the total fund is providing sufficient investment gains to cover the additional actuarial liabilities on account of a one-time pension supplement authorized under G.S. 128-27(k1)."

SECTION 4. Notwithstanding G.S. 96-9.2(c), the base contribution rate determined under G.S. 96-9.2(c) for an experience-rated employer will remain at one and nine-tenths percent (1.9%) for the 2022 calendar year.

SECTION 5. Sections 1 and 2 of this act become effective December 1, 2021. The remainder of this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 4th day of November, 2021.

s/ Ralph Hise
Presiding Officer of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 3:15 p.m. this 10th day of November, 2021