

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023**

**SENATE BILL 559
RATIFIED BILL**

AN ACT TO ENABLE THE BOARD OF DIRECTORS OF CERTAIN CHARTER SCHOOLS TO ELECT TO PARTICIPATE IN THE NORTH CAROLINA STATE HEALTH PLAN FOR TEACHERS AND STATE EMPLOYEES; TO CREATE ADDITIONAL FLEXIBILITY FOR CHARTER SCHOOLS TO BECOME A PARTICIPATING EMPLOYING UNIT IN THE STATE HEALTH PLAN; TO MAKE CONFORMING AND EFFECTIVE DATE CHANGES TO PENDING LEGISLATION FOR THE NORTH CAROLINA FIREFIGHTERS' AND RESCUE SQUAD WORKERS' PENSION FUND; TO ADDRESS PARENTAL LEAVE FOR CHARTER SCHOOL EMPLOYEES; AND TO CLARIFY THE DEFINITION OF A HISTORICALLY UNDERUTILIZED BUSINESS AS IT RELATES TO AN EMPLOYEE STOCK OWNERSHIP PLAN.

The General Assembly of North Carolina enacts:

SECTION 1.(a) Notwithstanding the time limitation contained in G.S. 135-48.54, the Board of Directors of NC Leadership Academy, a charter school located in Forsyth County, may elect to become a participating employing unit in the State Health Plan for Teachers and State Employees in accordance with Article 3B of Chapter 135 of the General Statutes. The election authorized by this act shall be made no later than 30 days after the effective date of this act and shall be made in accordance with all other requirements of G.S. 135-48.54.

SECTION 1.(b) Notwithstanding the time limitation contained in G.S. 135-48.54, the Board of Directors of Alpha Academy, a charter school located in Cumberland County, may elect to become a participating employing unit in the State Health Plan for Teachers and State Employees in accordance with Article 3B of Chapter 135 of the General Statutes. The election authorized by this act shall be made no later than 30 days after the effective date of this act and shall be made in accordance with all other requirements of G.S. 135-48.54.

SECTION 1.(c) Notwithstanding the time limitation contained in G.S. 135-48.54, the Board of Directors of Durham Charter, a charter school located in Durham County, may elect to become a participating employing unit in the State Health Plan for Teachers and State Employees in accordance with Article 3B of Chapter 135 of the General Statutes. The election authorized by this act shall be made no later than 30 days after the effective date of this act and shall be made in accordance with all other requirements of G.S. 135-48.54.

SECTION 1.(d) Notwithstanding the time limitation contained in G.S. 135-48.54, the Board of Directors of United Community School, a charter school located in Mecklenburg County, may elect to become a participating employing unit in the State Health Plan for Teachers and State Employees in accordance with Article 3B of Chapter 135 of the General Statutes. The election authorized by this act shall be made no later than 30 days after the effective date of this act and shall be made in accordance with all other requirements of G.S. 135-48.54.

SECTION 2.(a) G.S. 135-48.54 reads as rewritten:

"§ 135-48.54. Optional participation for charter schools operated by private nonprofit corporations or municipalities.

(a) Repealed by Session Laws 2018-84, s. 11(a), effective June 25, 2018.



(b) ~~No later than two years after both parties have signed the written charter under G.S. 115C-218.15, the~~ The board of directors of a charter school operated by a private nonprofit corporation or a charter school operated by a municipality shall ~~may elect whether to become a participating employer in the Plan in accordance with this Article.~~ Plan. The following shall apply to that election:

- (1) If the election is made no later than two years from the date that both parties have signed the written charter under G.S. 115C-218.15, then the charter school shall become a participating employing unit in the Plan. This election shall be in writing and filed with ~~The board of directors shall provide written notification of this election and the resulting status of the charter school as a participating unit in the Plan to the Plan, the Charter Schools Review Board, and the State Board of Education. This~~ The written notification shall include the date that the charter school employees shall be enrolled in the Plan. For any charter school employee hired after the initial enrollment date, this election is effective for each charter school employee as of the date of that employee's entry into eligible service.
- (2) If the election is made at any time after two years from the date that both parties have signed the written charter under G.S. 115C-218.15, then the board of directors of that charter school shall file an application with the Board of Trustees for participation in the Plan on a form approved by the Board of Trustees. The application shall be subject to approval by the Board of Trustees and notification of approval or denial of the application shall be provided by the Board of Trustees to the board of directors within 180 days of receipt of the complete application. Upon approval of the application by the Board of Trustees, the charter school shall become a participating employing unit in the Plan. The board of directors shall provide written notification of the election, the submission of the application required under this subdivision, and the approval of that application by the Board of Trustees to the Charter Schools Review Board and the State Board of Education. This written notification shall include the date that the charter school employees shall be enrolled in the Plan. For any charter school employee hired after the initial enrollment date, this election is effective as of the date of that employee's entry into eligible service.

(b1) A charter school making an election to become a participating employing unit in the Plan under this section shall provide notice of the intent to make that election six months prior to making the election; ~~provided that the Plan election.~~ The Board of Trustees shall not prohibit a charter school from becoming a participating employing unit in the Plan solely because that charter school did not provide this notice.

(c) ~~A board's board of director's~~ election to become a participating employer ~~employing unit~~ in the Plan under this section is irrevocable and shall require all eligible employees of the charter school to participate.

(d) If a charter school's board of directors does not elect to become a participating employer in the Plan under this section, then that school's employees and the dependents of those employees are not eligible for any benefits under the Plan on account of employment with a charter school.

(e) The board of directors of each charter school shall notify each of its employees as to whether the board elected to become a participating employer in the Plan under this section. This notification shall be in writing and shall be provided within 30 days of the board's election or at the time an initial offer for employment is made, whichever occurs last. If the board did not elect to become a participating employer in the Plan, the notice shall include a statement that the employee shall have no legal recourse against the board or the State for any possible benefit

under the Plan. The employee shall provide written acknowledgment of the employee's receipt of the notification under this subsection."

SECTION 2.(b) G.S. 135-1(11) reads as rewritten:

"(11) Employing Unit. – A North Carolina School System; Community College; State Department, Agency, or Institution; the University of North Carolina Health Care System; Administrative Office of the Courts; or Association or Examining Board whose employees are eligible for membership in a State-Supported Retirement System. An employing unit also shall mean (i) a charter school in accordance with Article 14A of Chapter 115C of the General Statutes ~~whose board of directors elects to become~~ that becomes a participating employer in the Plan under G.S. 135-48.54 or (ii) a local government unit that participates in the Plan under G.S. 135-48.47 or under any other law. Bona fide fire departments, rescue or emergency medical service squads, and National Guard units are deemed to be employing units for the purpose of providing benefits under this Article."

SECTION 2.(c) This section is effective 30 days after the act becomes law.

SECTION 3.(a) If Senate Bill 319, 2024 Regular Session, becomes law, then, effective January 1, 2025, G.S. 58-86-45 reads as rewritten:

"§ 58-86-45. **Additional retroactive membership.**

...

(b) An eligible firefighter or rescue squad worker who is not yet 35 years old may apply to the ~~board of trustees~~ Board for membership in the fund at any time. Upon becoming a member, the worker may make a lump sum payment of ~~ten dollars (\$10.00)~~ fifteen dollars (\$15.00) per month retroactively to the time the worker first became eligible to become a member, plus interest at an annual rate to be set by the board upon advice from actuary for each year of retroactive payments. Upon making this lump sum payment, the worker shall be given credit for all prior service in the same manner as if the worker had applied for membership upon first becoming eligible.

(c) A member of the Pension Fund who is not yet 35 years old may receive credit for the prior service upon making a lump sum payment of ~~ten dollars (\$10.00)~~ fifteen dollars (\$15.00) for each month since the worker first became eligible, plus interest at an annual rate to be set by the ~~board~~ Board for each year of retroactive payments. Upon making this lump sum payment, the date of membership shall be the same as if the worker had applied for membership upon first becoming eligible. This provision for the payment of a lump sum for service "not otherwise creditable" shall apply, inter alia, to all purchases of service credits for months as to which timely payments were not previously made pursuant to G.S. 58-86-35 or G.S. 58-86-40, whichever is applicable, for any firefighter or rescue squad worker who is not yet 35 years of age or older and who is a current or former member of a fire department or rescue squad chartered by the State of North Carolina."

SECTION 3.(b) If Senate Bill 319, 2024 Regular Session, becomes law, then effective January 1, 2025, G.S. 58-86-55(a), as amended by Section 11.3 of that act reads as rewritten:

"(a) Any member who has served 20 years as an "eligible firefighter" or "eligible rescue squad worker" in the State of North Carolina, as provided in G.S. 58-86-25 and G.S. 58-86-30, and who has attained the age of 55 years is entitled to be paid a monthly pension from this fund. The monthly pension shall be in the amount of one hundred seventy-five dollars (\$175.00) per month. Any retired firefighter receiving a pension shall, effective ~~July 1, 2024,~~ January 1, 2025, receive a pension of one hundred seventy-five dollars (\$175.00) per month."

SECTION 3.(c) If Senate Bill 319, 2024 Regular Session, becomes law, then the following applies to Sections 11.1 and 11.2 of that act; to Section 11.3 of that act, as amended by Section 3(b) of this act; and to Section 3(a) of this act:

- (1) These sections apply to membership contributions due to the North Carolina Firefighters' and Rescue Squad Workers' Pension Fund (Pension Fund) on or after January 1, 2025. Any membership contribution payments made to the Pension Fund on or before March 31, 2025, for service in the 2024 calendar year shall be in the amount of ten dollars (\$10.00) per month of service.
- (2) These sections apply to pension benefit amounts payable from the Pension Fund due to a member or beneficiary on or after January 1, 2025. If a member or beneficiary becomes eligible to receive a pension benefit from the Pension Fund on or before December 31, 2024, but the pension benefit amount is paid from the Pension Fund on or after January 1, 2025, then the pension amount benefit due to the member or beneficiary shall be the amount applicable to the pension benefit amount that was effective for each respective month to which the benefit applies.

SECTION 3.(d) If Senate Bill 319, 2024 Regular Session, becomes law, then Section 13 of that act reads as rewritten:

"SECTION 13. Sections 1 and 2 of this act become effective October 1, 2024, and apply to contracts issued, renewed, or amended on or after that date. Section 4 of this act becomes effective October 1, 2024, and applies to notices of foreclosure sale filed with the clerk of superior court on or after that date. Section 5 of this act becomes effective October 1, 2024, and applies to contracts entered into on or after that date. Section 7 of this act is effective when it becomes law and applies to claims pending on or arising after that date. Sections 10.1 through 10.3 of this act become effective July 1, 2025, and apply to the distribution of net proceeds of the gross premiums tax collected on or after that date. Section 10.4 of this act is effective July 1, 2025. Sections 11.1 through 11.3 of this act are effective ~~July 1, 2024~~ January 1, 2025. Sections 12.1 through 12.4 of this act are effective when it becomes law and apply to applications submitted on or after that date. Except as otherwise provided, this act is effective when it becomes law."

SECTION 4.(a) G.S. 115C-218.90(a)(6) reads as rewritten:

- "(6) A board of directors may (i) provide paid parental leave consistent with the requirements of ~~G.S. 126-8.6~~ G.S. 126-8.6 or (ii) require, as a condition of a contract with an education management organization or charter management organization to employ and provide teachers, that paid parental leave be provided to those teachers consistent with the requirements of G.S. 126-8.6. If the board provides paid parental leave, ~~leave to its employees or requires paid parental leave be provided by contract,~~ it shall be eligible to receive funds as provided in G.S. 115C-336.1(b). If the board does not provide paid parental leave, it shall provide written notice to individuals upon offering employment. The notice shall state that employment with the charter school will not count toward any minimum period of service established pursuant to G.S. 126-8.6(c1)."

SECTION 4.(b) This section is effective when it become law and applies beginning with the 2024-2025 school year.

SECTION 5.(a) G.S. 143-128.4(a) reads as rewritten:

"(a) As used in this Chapter, the term "historically underutilized business" means either of the following:

- ...
- (2) An Employee Stock Ownership Plan company in which at least fifty-one percent (51%) of the ~~stock is owned by one or more persons who plan participants~~ are members of at least one of the groups set forth in subsection (b) of this section. An ESOP company applying for certification as a historically underutilized business shall provide an attestation that it meets the

requirements of this subdivision together with such documentation supporting the attestation as may be required by the Secretary."

SECTION 5.(b) This section becomes effective July 1, 2024.

SECTION 6. Except as otherwise provided, this act is effective when it becomes law.

In the General Assembly read three times and ratified this the 28th day of June, 2024.

s/ Phil Berger
President Pro Tempore of the Senate

s/ Tim Moore
Speaker of the House of Representatives

Roy Cooper
Governor

Approved _____m. this _____ day of _____, 2024