

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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HOUSE BILL 272
Committee Substitute Favorable 3/26/25
Committee Substitute #2 Favorable 4/8/25

Short Title: The Sergeant Mickey Hutchens Act.

(Public)

Sponsors:

Referred to:

March 5, 2025

A BILL TO BE ENTITLED

AN ACT TO ALLOW LAW ENFORCEMENT, PROBATION/PAROLE, AND CORRECTIONAL OFFICERS WHO HOLD AN ADVANCED LAW ENFORCEMENT OR CORRECTIONS CERTIFICATE ISSUED BY THE NORTH CAROLINA CRIMINAL JUSTICE EDUCATION AND TRAINING STANDARDS COMMISSION OR THE ADVANCED LAW ENFORCEMENT CERTIFICATE ISSUED BY THE NORTH CAROLINA SHERIFFS' EDUCATION AND TRAINING STANDARDS COMMISSION TO PURCHASE, AT FULL COST, UP TO FOUR YEARS' CREDITABLE SERVICE IN THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM OR THE LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM.

The General Assembly of North Carolina enacts:

SECTION 1.(a) G.S. 135-4.5 is amended by adding a new subsection to read:

"(h) Purchases of Service Credit for Advanced Law Enforcement or Advanced Corrections Certificates. – Notwithstanding any other provision of this Article to the contrary, a member in service with five or more years of membership service who has been awarded either (i) the Advanced Law Enforcement Certificate issued by either the North Carolina Criminal Justice Education and Training Standards Commission under the authority granted under Chapter 17C of the General Statutes or the North Carolina Sheriffs' Education and Training Standards Commission under the authority granted under Chapter 17E of the General Statutes or (ii) the Advanced Corrections Certificate issued by the North Carolina Criminal Justice Education and Training Standards Commission under the authority granted under Chapter 17C of the General Statutes may purchase creditable service subject to all of the following:

- (1) The member may purchase up to a total of four years of creditable service under this subsection.
- (2) Service may only be purchased under this subsection upon or after receipt of the applicable certificate.
- (3) G.S. 135-4(b) does not apply to purchases under this subsection.
- (4) Purchases of service under this subsection shall be made by paying a lump sum amount to the Annuity Savings Fund. Purchases shall not be associated with any specific compensation or period of time. The amount payable shall be equal to the full liability increase of the Retirement System due to the additional service credits purchased plus an administrative fee that is set by the Board of Trustees. The full liability increase shall be calculated on the basis of the same assumptions used for the purposes of the actuarial valuation of the liabilities of the Retirement System, except for the following



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assumptions specific to this calculation: (i) the allowance shall be assumed to commence at the earliest age at which the member could retire on an unreduced retirement allowance and (ii) there shall be assumed annual postretirement allowance increases set by the Board of Trustees upon the advice of the consulting actuary, and there shall be assumed an anti-selection risk and a commensurate surcharge.

(5) An employer may pay all or part of the cost of a purchase of service under this subsection. To the extent that the purchase is paid by the employer, the amount paid by the employer shall be credited to the Pension Accumulation Fund. To the extent that the purchase is paid by the member, the amount paid by the member shall be credited to the member's accumulated contributions and interest in the Annuity Savings Fund."

SECTION 1.(b) G.S. 135-4(b) reads as rewritten:

"(b) ~~In~~ Unless specifically provided under G.S. 135-4.5, in no case shall more than one year of service be creditable for all services in one year. Service rendered for the regular school year in any district shall be equivalent to one year's service. Service rendered by a school employee in a job-sharing position shall be credited at the rate of one-half year for each regular school year of employment."

SECTION 2.(a) G.S. 128-26.5 is amended by adding a new subsection to read:

"(h) Purchases of Service Credit for Advanced Law Enforcement Certificate. – Notwithstanding any other provision of this Article to the contrary, a member in service with five or more years of membership service who has been awarded the Advanced Law Enforcement Certificate issued by either the North Carolina Criminal Justice Education and Training Standards Commission under the authority granted under Chapter 17C of the General Statutes or the North Carolina Sheriffs' Education and Training Standards Commission under the authority granted under Chapter 17E of the General Statutes may purchase creditable service subject to all of the following:

(1) The member may purchase up to a total of four years of creditable service under this subsection.

(2) Service may only be purchased under this subsection upon or after receipt of the applicable certificate.

(3) G.S. 128-26(b) does not apply to purchases under this subsection.

(4) Purchases of service under this subsection shall be made by paying a lump sum amount to the Annuity Savings Fund. Purchases shall not be associated with any specific compensation or period of time. The amount payable shall be equal to the full liability increase of the Retirement System due to the additional service credits purchased plus an administrative fee that is set by the Board of Trustees. The full liability increase shall be calculated on the basis of the same assumptions used for the purposes of the actuarial valuation of the liabilities of the Retirement System, except for the following assumptions specific to this calculation: (i) the allowance shall be assumed to commence at the earliest age at which the member could retire on an unreduced retirement allowance and (ii) there shall be assumed annual postretirement allowance increases set by the Board of Trustees upon the advice of the consulting actuary, and there shall be assumed an anti-selection risk and a commensurate surcharge.

(5) An employer may pay all or part of the cost of a purchase of service under this subsection. To the extent that the purchase is paid by the employer, the amount paid by the employer shall be credited to the Pension Accumulation Fund. To the extent that the purchase is paid by the member, the amount paid by the

member shall be credited to the member's accumulated contributions and interest in the Annuity Savings Fund."

SECTION 2.(b) G.S. 128-26(b) reads as rewritten:

"(b) ~~In~~ Unless specifically provided under G.S. 128-26.5, in no case shall more than one year of service be creditable for all service in one calendar year."

SECTION 3.(a) The State Treasurer shall seek a favorable private letter ruling from the Internal Revenue Service to determine that this act does not jeopardize the status of the Teachers' and State Employees' Retirement System by January 1 of the following calendar year or within 120 days from this act becoming law, whichever is later.

SECTION 3.(b) If the State Treasurer has met the obligation under Section 3(a) of this act, and the Internal Revenue Service declines to make a private letter ruling or does not issue a response by 15 days prior to the effective date of this act, then this act is repealed. The State Treasurer shall notify the Revisor of Statutes that the Internal Revenue Service declines to make a private letter ruling or did not issue a response. Within three business days of notifying the Revisor of Statutes, the State Treasurer shall notify all employers of the repeal of this act and shall publicly notice the receipt of this information on the Department of State Treasurer's website.

SECTION 3.(c) If the Internal Revenue Service fails to make a favorable determination that this act does not jeopardize the status of the Teachers' and State Employees' Retirement System of North Carolina under the Internal Revenue Code, then this act is repealed on the last day of the month following the month of receipt of that determination by the State Treasurer. Upon receipt of that determination, the State Treasurer shall notify the Revisor of Statutes of the determination and the date of receipt. Within three business days of not receiving a determination that is favorable, the State Treasurer shall notify all employers of the repeal of this act and shall publicly notice the receipt of this information on the Department of State Treasurer's website.

SECTION 3.(d) Notwithstanding any other provision of law to the contrary, in order to pay costs associated with the administration of the provisions of this act, the Retirement Systems Division of the Department of State Treasurer may increase receipts from the retirement assets of the Teachers' and State Employees' Retirement System or pay costs associated with the administration directly from the retirement assets.

SECTION 4.(a) The State Treasurer shall seek a favorable private letter ruling from the Internal Revenue Service to determine that this act does not jeopardize the status of the Local Governmental Employees' Retirement System by January 1 of the following calendar year or within 120 days from this act becoming law, whichever is later.

SECTION 4.(b) If the State Treasurer has met the obligation under Section 4(a) of this act, and the Internal Revenue Service declines to make a private letter ruling or does not issue a response by 15 days prior to the effective date of this act, then this act is repealed. The State Treasurer shall notify the Revisor of Statutes that the Internal Revenue Service declines to make a private letter ruling or did not issue a response. Within three business days of notifying the Revisor of Statutes, the State Treasurer shall notify all employers of the repeal of this act and shall publicly notice the receipt of this information on the Department of State Treasurer's website.

SECTION 4.(c) If the Internal Revenue Service fails to make a favorable determination that this act does not jeopardize the status of the Local Governmental Employees' Retirement System of North Carolina under the Internal Revenue Code, then this act is repealed on the last day of the month following the month of receipt of that determination by the State Treasurer. Upon receipt of that determination, the State Treasurer shall notify the Revisor of Statutes of the determination and the date of receipt. Within three business days of not receiving a determination that is favorable, the State Treasurer shall notify all employers of the repeal of

1 this act and shall publicly notice the receipt of this information on the Department of State
2 Treasurer's website.

3 **SECTION 4.(d)** Notwithstanding any other provision of law to the contrary, in order
4 to pay costs associated with the administration of the provisions of this act, the Retirement
5 Systems Division of the Department of State Treasurer may increase receipts from the retirement
6 assets of the Local Governmental Employees' Retirement System or pay costs associated with
7 the administration directly from the retirement assets.

8 **SECTION 5.** Sections 1 and 2 of this act become effective January 1, 2027. The
9 remainder of this act is effective when it becomes law.