

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

FILED SENATE
Mar 18, 2025
S.B. 326
PRINCIPAL CLERK

S

D

SENATE BILL DRS45160-LRfap-14G

Short Title: Economic Security Act. (Public)

Sponsors: Senators Murdock, Mayfield, and Grafstein (Primary Sponsors).

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT ADVANCING ECONOMIC SECURITY FOR ALL IN NORTH CAROLINA BY
3 INCREASING THE STATE MINIMUM WAGE TO TWENTY-TWO DOLLARS PER
4 HOUR, ADJUSTED FOR INFLATION ANNUALLY; MANDATING EQUAL PAY FOR
5 EQUAL WORK; REQUIRING PAID SICK LEAVE, PAID FAMILY MEDICAL LEAVE,
6 AND WORKPLACE SAFETY, EMERGENCY, AND EVACUATION PROTECTIONS;
7 RESTORING UNEMPLOYMENT INSURANCE BENEFITS ADJUSTED FOR
8 INFLATION AND STUDYING UNEMPLOYMENT INSURANCE BENEFITS FOR
9 APP-BASED "GIG ECONOMY" WORKERS; INCREASING THE TIPPED MINIMUM
10 WAGE; ENDING WAGE THEFT; REQUIRING THE FAIR ASSESSMENT OF
11 PERSONS WITH CRIMINAL HISTORIES BY "BANNING THE BOX"; REPEALING
12 PUBLIC EMPLOYEE COLLECTIVE BARGAINING RESTRICTIONS; REENACTING
13 THE EARNED INCOME TAX CREDIT AND TAX CREDITS FOR CHILD AND
14 DEPENDENT CARE EXPENSES; CREATING A REBUTTABLE PRESUMPTION
15 THAT FIRST RESPONDERS, HEALTH CARE WORKERS, AND ESSENTIAL
16 SERVICE WORKERS INFECTED BY THE CORONAVIRUS CONTRACTED THE
17 DISEASE IN THE COURSE OF EMPLOYMENT; AND PROVIDING AND
18 APPROPRIATING FUNDS FOR A COST-OF-LIVING ADJUSTMENT FOR RETIREES
19 OF THE TEACHERS' AND STATE EMPLOYEES' RETIREMENT SYSTEM, THE
20 CONSOLIDATED JUDICIAL RETIREMENT SYSTEM, THE LEGISLATIVE
21 RETIREMENT SYSTEM, AND THE LOCAL GOVERNMENTAL EMPLOYEES'
22 RETIREMENT SYSTEM.

23 The General Assembly of North Carolina enacts:

24
25 **LIVING WAGE**

26 **SECTION 1.1.(a)** This act shall be known and may be cited as the "Economic
27 Security Act of 2025."

28 **SECTION 1.1.(b)** Effective January 1, 2026, G.S. 95-25.3 reads as rewritten:

29 **"§ 95-25.3. Minimum wage.**

30 (a) Every employer shall pay to each employee who in any workweek performs any work,
31 wages of at least ~~six dollars and fifteen cents (\$6.15)~~ twenty-two dollars (\$22.00) per hour or the
32 minimum wage set forth in paragraph 1 of section 6(a) of the Fair Labor Standards Act, 29 U.S.C.
33 206(a)(1), as that wage may change from time to time, whichever is higher, except as otherwise
34 provided in this section.

35 (a1) Beginning September 30, 2026, and on each September 30 thereafter, the
36 Commissioner of Labor shall calculate an adjusted minimum wage rate using the Consumer Price



* D R S 4 5 1 6 0 - L R F A P - 1 4 G *

Index (All Urban Consumers, U.S. City Average for All Items), CPI-I, or its successor index, as calculated by the U.S. Department of Labor for the 12-month period preceding the previous September 1. Each adjusted minimum wage rate calculated shall be published on September 30 and take effect on the following January 1.

...."

SECTION 1.1.(c) This section is effective when this act becomes law.

EQUAL PAY FOR EQUAL WORK

SECTION 1.2.(a) Chapter 95 of the General Statutes is amended by adding a new Article to read:

"Article 2B.

"Equal Pay Act.

"§ 95-25.26. Definitions.

The following definitions apply in this Article:

- (1) Employee. – Every person in receipt of or entitled to compensation for labor performed for another.
- (2) Employer. – Includes (i) this State and any local political subdivision of the State and (ii) every person having control or direction of any person employed at any labor, or responsible directly or indirectly for the wages of another, who employs more than five employees.
- (3) Person. – As defined by G.S. 95-25.2(11).
- (4) Wage or wages. – Any compensation for labor measured by time, piece, or otherwise.

"§ 95-25.27. Equal wage rates.

(a) No employer may pay any person in the employer's employ at wage rates less than the rates paid to employees of the opposite sex in the same establishment for the same quantity and quality of the same classification of work. Any employer who violates this section is liable to the employee affected in the amount of the wages that the employee is deprived by reason of the violation.

(b) Notwithstanding the provisions of subsection (a) of this section, nothing in this section prohibits a variation of rates of pay for employees engaged in the same classification of work based upon seniority, a difference in length of service, ability, skill, difference in duties or services performed, whether regularly or occasionally, difference in the shift or time of day worked, hours of work, or restrictions or prohibitions on lifting or moving objects in excess of specified weight, or other reasonable differentiation, or factor or factors other than sex, when exercised in good faith.

(c) An employer that is in violation of this section may not reduce the pay of any employee in order to bring the employer into compliance with this Article.

(d) An employer shall not retaliate against any employee who seeks redress pursuant to this Article or who participates in the investigation of a complaint under this Article.

"§ 95-25.28. Complaints; enforcement; civil actions.

(a) An affected employee may file with the Department of Labor a complaint that the wages paid to the employee are less than the wages to which the employee is entitled under this Article. The Department of Labor shall investigate the complaint and notify the employer and employee of the results of the investigation.

(b) An employee receiving less than the wage to which the employee is entitled under this section may recover in a civil action the balance of such wages, together with the costs and attorneys' fees, notwithstanding any agreement to work for a lesser wage. The employee is not required to exhaust administrative remedies before filing the civil action.

(c) A civil action pursuant to this section shall be instituted within two years after the date that the alleged violation is discovered by the affected employee."

SECTION 1.2.(b) This section is effective when this act becomes law.

**HEALTHY FAMILIES & WORKPLACES/REQUIRE PAID LEAVE/WORKPLACE
HEAT SAFETY PROTECTIONS**

SECTION 1.3.(a) Chapter 95 of the General Statutes is amended by adding a new Article to read:

"Article 3A.

"Healthy Families and Healthy Workplaces Act.

"§ 95-31.1. Short title and legislative purpose.

(a) This Article shall be known and may be cited as the "Healthy Families and Healthy Workplaces Act."

(b) The public policy of this State is declared as follows: The health and safety needs of employees and their families and the protection of employees from losing their jobs and pay while they seek medical care for themselves and their family members are subjects of concern requiring legislation to promote the general welfare of the people of the State without jeopardizing the competitive position of North Carolina business and industry. The General Assembly declares that the general welfare of the State requires the enactment of this law under the police power of the State.

"§ 95-31.2. Definitions.

(a) The following definitions apply in this Article:

- (1) Child. – A biological, adopted, or foster child, stepchild, legal ward, or child of a parent standing in loco parentis.
- (2) Domestic violence. – As defined in G.S. 50B-1.
- (3) Employ. – As defined by G.S. 95-25.2(3).
- (4) Employee. – As defined by G.S. 95-25.2(4).
- (5) Employer. – As defined by G.S. 95-25.2(5).
- (6) Health care provider. –
 - a. A doctor of medicine or osteopathy licensed to practice medicine under federal law, any state law, or the laws of another country wherein the person practices.
 - b. A physician assistant licensed in this State licensed to practice under federal law, any state law, or the laws of another country wherein the person practices.
 - c. A family nurse practitioner or certified nurse midwife licensed to practice under federal law, any state law, or the laws of another country wherein the person practices.
- (7) Immediate family member. – A child, grandchild, sibling, spouse, domestic partner, civil union partner, parent, or grandparent of an employee, or a spouse, domestic partner, or civil union partner of a parent or grandparent of the employee, or a sibling of a spouse, domestic partner, or civil union partner of the employee, or any other individual related by blood to the employee or whose close association with the employee is the equivalent of a family relationship.
- (8) Paid sick time or paid sick days. – Time that is (i) compensated at the same hourly rate and with the same benefits, including health care benefits, as the employee normally earns during hours worked and (ii) provided by an employer to an employee for the purposes described in G.S. 95-31.4(b) of this Article.
- (9) Parent. – A biological, foster, step, or adoptive parent of an employee or an employee's spouse, or other person who stood in loco parentis during the childhood of an employee or employee's spouse.

(10) Sexual assault. – As defined in Chapter 14 of the General Statutes.

(11) Small business. – An employer who employs 10 or fewer employees during 20 or more calendar workweeks in the current or preceding calendar year.

(12) Stalking. – As defined in Chapter 14 of the General Statutes.

"§ 95-31.3. Exemptions.

(a) The provisions of this section do not apply to any bona fide volunteers in any organization where an employer-employee relationship does not exist.

(b) The provisions of this section do not apply to any person exempted from the Wage and Hour Act under G.S. 95-25.14(a)(2) through (a)(8), 95-25.14(b), 95-25.14(b1), 95-25.14(c), and 95-25.14(e), except that domestic workers are exempted only if they are employed in the place of residence of their employer.

"§ 95-31.4. Accrual of paid sick time.

(a) Except as provided by G.S. 95-31.3, any employee who works in this State and who must be absent from work for the reasons set forth in G.S. 95-31.5(a) shall be entitled to paid sick time.

(b) Paid sick time as provided in this section shall begin to accrue at the commencement of employment. Paid sick time shall accrue at the rate of one hour of pay for every 30 hours worked. Paid sick time may be used as accrued or be loaned by the employer at its discretion to the employee in advance of accrual. Unless the employer and employee agree to designate otherwise, for periods of paid sick time that are less than a normal workday, the time shall be counted on an hourly basis or the smallest increment that the employer's payroll system uses to account for absences or use of leave.

(c) For employees of small businesses, there shall be a limit of 32 hours of accrued paid sick time in a calendar year. For employees of other employers, there shall be a limit of 56 hours of accrued paid sick time in a calendar year. Accrued paid sick time for employees carries over from year to year but is limited to the aforementioned limits.

(d) When there is separation from employment and the employee is rehired within 90 days of separation by the same employer, previously accrued paid sick time that had not been used shall be reinstated. The employee shall be entitled to use accrued paid sick time and accrue additional sick time at the recommencement of employment.

"§ 95-31.5. Use of paid sick time.

(a) Paid sick time shall be provided to an employee by an employer for any of the following reasons:

(1) To care for the employee's immediate family member who is suffering from a physical or mental illness, injury, or medical condition that requires care, professional medical diagnosis or care, preventive medical care, or a routine medical appointment.

(2) To care for the employee's own physical or mental illness, injury, or medical condition that requires care, professional medical diagnosis or care, preventive medical care, or a routine medical appointment.

(3) Absence necessary due to circumstances resulting from the employee, or a family member of the employee, being a victim of stalking or domestic or sexual violence, if the leave is to allow the employee to obtain for the employee or the family member (i) medical attention needed to recover from physical or psychological injury or disability caused by stalking or domestic or sexual violence, (ii) services from a designated domestic violence agency or other victim services organization, (iii) psychological or other counseling, (iv) relocation, or (v) legal services, including obtaining a restraining order or preparing for, or participating in, any civil or criminal legal proceeding related to the stalking or domestic or sexual violence.

(b) An employer may require certification of the qualifying illness, injury, health condition, or violence when a paid sick time period covers more than three consecutive workdays. Any reasonable documentation signed by a health care provider involved in following or treating the illness, injury, or health condition and indicating the need for the amount of sick days taken shall be deemed acceptable certification. Acceptable certification of domestic violence, sexual assault, or stalking may include (i) law enforcement, court, or federal agency records or files, (ii) documentation from a domestic violence or sexual assault program, or (iii) documentation from a religious, medical, or other professional from whom assistance was sought in dealing with the alleged domestic violence, sexual offense, or stalking.

(1) The employer shall not require certification from a health care provider employed by the employer. The employer shall not delay the commencement of time taken for purposes of subsection (a) of this section or pay for this period on the basis that the employer has not yet received the certification. Nothing in this section shall be construed to require an employee to provide as certification any information from a health care provider that would be in violation of section 1177 of the Social Security Act or the regulations promulgated pursuant to section 264(c) of the Health Insurance Portability and Accountability Act, 42 U.S.C. § 1320d-2.

(2) An employer may not require disclosure of details relating to domestic violence, sexual assault, or stalking or the details of an employee's medical condition as a condition of providing paid sick time under this Article. If an employer possesses health information or information pertaining to domestic violence, sexual assault, or stalking about an employee or employee's immediate family member, such information shall be treated as confidential and not disclosed except to the affected employee or with the permission of the affected employee.

(c) When the use of paid sick time is foreseeable, the employee shall make a good-faith effort to provide notice of the need for such time to the employer in advance of the use of the sick time and shall make a reasonable effort to schedule the use of paid sick time in a manner that does not unduly disrupt the operations of the employer.

(d) An employer may not require, as a condition of providing paid sick time under this act, that the employee search for or find a replacement worker to cover the hours during which the employee is on paid sick time.

(e) An employer's absence control policy shall not count paid sick time taken under this Article as an absence that may lead to or result in a retaliatory personnel action or any other adverse action.

(f) Nothing in this section shall be construed as requiring financial or other reimbursement to an employee from an employer upon the employee's termination, resignation, retirement, or other separation from employment for accrued paid sick days that have not been used.

(g) Nothing in this section shall be construed to discourage employers from adopting or retaining paid sick time policies more generous than policies that comply with the requirements of this section, and nothing in this section shall be construed to diminish the obligation of an employer to comply with any contract, collective bargaining agreement, or any employment benefit program or plan that provides greater paid sick time leave rights to employees than the rights established under this section.

(h) This act provides minimum requirements pertaining to paid sick time and shall not be construed to preempt, limit, or otherwise affect the applicability of any other law, regulation, requirement, policy, agreement, or standard that provides for greater accrual or use by employees of sick time, whether paid or unpaid, or that extends other protections to employees.

(i) Employers who have a paid time-off leave policy shall not be required to modify that policy, if that policy offers an employee the option, at the employee's discretion, to take paid sick time that is at least equivalent to the amounts and for the same purposes and under the same conditions as provided under this section.

"§ 95-31.6. Notification, posting, and records.

Employers shall give notice (i) that employees are entitled to paid sick time, (ii) of the amount of paid sick time and the terms of its use guaranteed under this section, (iii) that retaliation against employees who request or use paid sick time is prohibited, and (iv) that each employee has the right to file a complaint with the Commissioner of Labor or in the General Court of Justice if paid sick time as required by this Article is denied by the employer or the employee is retaliated against for requesting or taking paid sick time. Employers may comply with this section by supplying each of their employees with a notice in English and in Spanish that contains the information required by this section or by displaying a poster in a conspicuous and accessible place in each establishment where the employees are employed that contains in English and in Spanish all information required by this section.

"§ 95-31.7. Enforcement.

(a) The Commissioner shall enforce and administer the provisions of this Article, and the Commissioner or his or her authorized representative is empowered to hold hearings and to institute civil proceedings hereunder.

(b) The Commissioner or the Commissioner's authorized representative shall have power to administer oaths and examine witnesses, issue subpoenas, compel the attendance of witnesses and the production of papers, books, accounts, records, payrolls, and documents, and take depositions and affidavits in any proceeding hereunder.

(c) Any employer who violates the provisions of this Article shall be liable to the employee or employees affected in the amount of their unpaid sick time, as the case may be, plus interest at the legal rate set forth in G.S. 24-1 from the date each amount first came due.

(d) In addition to the amounts awarded pursuant to subsection (c) of this section, the court shall award liquidated damages in an amount equal to the amount found to be due as provided in subsection (c) of this section, provided that if the employer shows to the satisfaction of the court that the act or omission constituting the violation was in good faith and that the employer had reasonable grounds for believing that the act or omission was not a violation of this Article, the court may, in its discretion, award no liquidated damages or may award any amount of liquidated damages not exceeding the amount found due as provided in subsection (c) of this section.

(e) Action to recover such liability may be maintained in the General Court of Justice by any one or more employees.

(f) The court, in any action brought under this Article, may, in addition to any judgment awarded to the plaintiff, order costs and fees of the action and reasonable attorneys' fees to be paid by the defendant. The court may order costs and fees of the action and reasonable attorneys' fees to be paid by the plaintiff if the court determines that the action was frivolous.

(g) The Commissioner may determine and supervise the payment of the amounts due under this section, including interest at the legal rate set forth in G.S. 24-1 from the date each amount first came due, and the agreement to accept such amounts by the employee shall constitute a waiver of the employee's right to bring an action under subsection (e) of this section.

(h) Actions under this Article must be brought within two years pursuant to G.S. 1-53.

(i) The rights and remedies created by this Article are supplementary to all existing common-law and statutory rights and remedies.

"§ 95-31.8. Rules.

The Commissioner of Labor shall adopt rules to implement this Article.

"§ 95-31.9. Severability.

1 The provisions of this Article shall be severable, and if any phrase, clause, sentence, or
2 provision is declared to be invalid or is preempted by federal law or regulation, the validity of
3 the remainder of this Article shall not be affected thereby."

4 **SECTION 1.3.(b)** G.S. 95-241(a) reads as rewritten:

5 "(a) No person shall discriminate or take any retaliatory action against an employee
6 because the employee in good faith does or threatens to do any of the following:

7 (1) File a claim or complaint, initiate any inquiry, investigation, inspection,
8 proceeding or other action, or testify or provide information to any person
9 with respect to any of the following:

10 a. Chapter 97 of the General Statutes.

11 b. ~~Article 2A~~ Article 2A, Article 3A, or Article 16 of this Chapter.

12 c. Article 2A of Chapter 74 of the General Statutes.

13 d. G.S. 95-28.1.

14 e. Article 16 of Chapter 127A of the General Statutes.

15 f. G.S. 95-28.1A.

16 g. Article 52 of Chapter 143 of the General Statutes.

17 h. Article 5F of Chapter 90 of the General Statutes.

18 (2) Cause any of the activities listed in subdivision (1) of this subsection to be
19 initiated on an employee's behalf.

20 (3) Exercise any right on behalf of the employee or any other employee afforded
21 by ~~Article 2A~~ Article 2A, Article 3A, or Article 16 of this Chapter, by Article
22 2A of Chapter 74 of the General Statutes, or by Article 52 of Chapter 143 of
23 the General Statutes.

24 (4) Comply with the provisions of Article 27 of Chapter 7B of the General
25 Statutes.

26 (5) Exercise rights under Chapter 50B. Actions brought under this subdivision
27 shall be in accordance with the provisions of G.S. 50B-5.5."

28 **SECTION 1.3.(c)** This section becomes effective January 1, 2026, and applies only
29 to covered employment on or after that date. With respect to employees covered by a valid
30 collective bargaining agreement in effect on January 1, 2026, this section shall not apply until
31 the stated expiration date in the collective bargaining agreement; however, this section shall apply
32 upon any such agreement's renewal, extension, amendment, or modification in any respect after
33 January 1, 2026.

34 **SECTION 1.4.** Article 16 of Chapter 95 of the General Statutes is amended by
35 adding two new sections to read:

36 **"§ 95-158. Workplace safety requirements.**

37 (a) Heat Exposure Safety. – Each employer shall adopt a heat safety plan for employees
38 that, at a minimum, does all of the following:

39 (1) Provide workers with readily accessible drinking water.

40 (2) Establish and maintain shaded or climate-controlled rest areas.

41 (3) Implement mandatory rest periods during high-heat conditions.

42 (4) Develop and implement written heat illness prevention procedures.

43 (5) Provide heat safety training to workers and supervisors.

44 (6) Maintain records of heat-related incidents and prevention measures.

45 (7) Implement an acclimatization schedule for new workers and workers
46 returning after 30 or more consecutive days away.

47 When temperatures exceed 90 degrees Fahrenheit for more than 15 minutes during a
48 60-minute period, or where employees are performing a heavy workload or are required to wear
49 double-layer woven clothing, employers shall modify work schedules to minimize heat exposure,
50 increase rest frequency, establish a mandatory buddy system, and maintain communication
51 systems for heat-related emergency response.

- (b) Natural Disaster and Evacuation Safety. – Each employer shall adopt a safety plan in the event of natural disaster or evacuation to provide for employee readiness, health, and safety.
- (c) Rules. – The Commissioner of Labor shall adopt rules to implement this section.
- "§ 95-159. Employee rights in an emergency.**
- (a) The following definitions apply in this section:
- (1) Emergency condition. – The existence of either of the following:
- a. Conditions of disaster or extreme peril to the safety of persons or property at the workplace or worksite caused by natural forces or a criminal act.
- b. An order to evacuate a workplace, a worksite, a worker's home, or the school of a worker's child due to natural disaster or a criminal act.
- The term does not include a health pandemic.
- (2) A reasonable belief that the workplace or worksite is unsafe. – When a reasonable person, under the circumstances known to the employee at the time, would conclude there is a real danger of death or serious injury if that person enters or remains on the premises. The existence of any health and safety regulations specific to the emergency condition and an employer's compliance or noncompliance with those regulations shall be a relevant factor if this information is known to the employee at the time of the emergency condition or the employee received training on the health and safety regulations mandated by law specific to the emergency condition.
- (b) In the event of an emergency condition, an employer shall not:
- (1) Take or threaten adverse action against any employee for refusing to report to, or leaving, a workplace or worksite within the affected area because the employee has a reasonable belief that the workplace or worksite is unsafe; or
- (2) Prevent any employee from accessing the employee's mobile device or other communications device for seeking emergency assistance, assessing the safety of the situation, or communicating with a person to verify their safety.
- (c) The provisions of subsection (b) of this section do not apply to any of the following:
- (1) A first responder, disaster service worker, or any employee required by law to render aid or remain on the premises in case of an emergency.
- (2) An employee or contractor of a health care facility who provides direct patient care, provides services supporting patient care operations during an emergency, or is required by law or policy to participate in emergency response or evacuation.
- (3) An employee of a private entity that contracts with the State or a local political subdivision of the State for purposes of providing or aiding in emergency services.
- (4) An employee working on a military base or in the defense industrial base sector.
- (5) An employee performing essential work on nuclear reactors or nuclear materials or waste.
- (6) An employee of a company providing utility, communications, energy, or roadside assistance while the employee is actively engaged in or is being called upon to aid in emergency response, including maintaining public access to services such as energy and water during the emergency.
- (7) An employee of a licensed residential care facility.
- (8) An employee of a depository institution or any company within any of the definitions of "insured depository institution" set forth in 12 U.S.C. § 1813(c).
- (9) A transportation employee participating directly in emergency evacuations during an active evacuation.

(10) An employee of a privately contracted private fire prevention resource.

(11) An employee whose primary duties include assisting members of the public to evacuate in case of an emergency.

(12) An employee of any correctional facility.

(d) When feasible, an employee shall notify the employer of the emergency condition requiring the employee to leave or refuse to report to the workplace or worksite prior to leaving or refusing to report. When prior notice is not feasible, the employee shall notify the employer of the emergency condition that required the employee to leave or refuse to report to the workplace or worksite after leaving or refusing to report as soon as possible.

(e) This section does not to apply when emergency conditions that pose an imminent and ongoing risk of harm to the workplace, the worksite, the worker, or the worker's home have ceased.

(f) The Commissioner of Labor may bring an enforcement action under this section upon a complaint by a current or former employee.

(g) The employee has a private right of action against an employer who violates this section when the violation results in actual harm to the employee. The employer shall have the right to cure alleged violations before any action by a current or former employee may be brought under this section."

INCREASE TIPPED MINIMUM WAGE

SECTION 1.5.(a) Effective until December 31, 2025, G.S. 95-25.3(f) reads as rewritten:

"(f) ~~Tips earned by a tipped employee may be counted as wages only up to the amount permitted in section 3(m) of the Fair Labor Standards Act, 29 U.S.C. 203(m), if the tipped employee is notified in advance, is permitted to retain all tips and the employer maintains accurate and complete records of tips received by each employee as such tips are certified by the employee monthly or for each pay period. Even if the employee refuses to certify tips accurately, tips may still be counted as wages when the employer complies with the other requirements of this section and can demonstrate by monitoring tips that the employee regularly receives tips in the amount for which the credit is taken, of five dollars (\$5.00) per hour. Tip pooling shall also be is~~ permissible among employees who customarily and regularly receive tips; however, no employee's tips may be reduced by more than fifteen percent (15%) under a tip pooling arrangement."

SECTION 1.5.(b) Effective January 1, 2026, G.S. 95-25.3(f), as amended by subsection (a) of this section, reads as rewritten:

"(f) ~~Tips earned by a tipped employee may be counted as wages only up to the amount of five dollars (\$5.00) per hour.~~ shall not be counted as wages. Tip pooling is permissible among employees who customarily and regularly receive tips; however, no employee's tips may be reduced by more than fifteen percent (15%) under a tip pooling arrangement."

SECTION 1.5.(c) Except as otherwise provided, this section is effective when this act becomes law.

WAGE THEFT

SECTION 1.6.(a) G.S. 95-25.2 reads as rewritten:

"§ 95-25.2. Definitions.

In this Article, unless the context otherwise requires: The following definitions apply in this Article:

(1) "Agriculture" includes farming Agriculture. – Farming in all its branches performed by a farmer or on a farm as an incident to or in conjunction with farming operations.

(2) "Commissioner" means the Commissioner. – The Commissioner of Labor.

- (3) ~~"Employ" means to~~ Employ. – To suffer or permit to work.
- (4) ~~"Employee" includes any~~ Employee. – Any individual employed by an employer.
- (5) ~~"Employer" includes any~~ Employer. – Any person acting directly or indirectly in the interest of an employer in relation to an employee.
- (5a) Employment status. – The status of an individual, under the usual common-law rules applicable in determining the employee-employer relationship, as an employee or as an independent contractor (or another individual who is not an employee).
- (5b) Enterprise. – The related activities performed either through unified operations or common control by any person or persons for a common business purpose and includes all such activities whether performed in one or more establishments or by one or more corporate units but shall not include the related activities performed for such enterprise by an independent contractor or franchisee.
- (6) ~~"Establishment" means a~~ Establishment. – A physical location where business is conducted.
- (7) ~~"The Fair Labor Standards Act" means the~~ Fair Labor Standards Act. – The Fair Labor Standards Act of 1938, as amended and as the same may be amended from time to time by the United States Congress.
- (8) ~~"Hours worked" includes all~~ Hours worked. – All time an employee is employed.
- (8a) Intentional. – The employer consciously committed the act which violated the statute.
- (9) ~~"Payday" means that~~ Payday. – That day designated for payment of wages due by virtue of the employment relationship.
- (10) ~~"Pay periods" may~~ Pay periods. – May be daily, weekly, biweekly, semimonthly, or monthly.
- (11) ~~"Person" means an~~ Person. – An individual, partnership, association, corporation, business trust, legal representative, or any organized group of persons. For the purposes of G.S. 95-25.2, G.S. 95-25.3, G.S. 95-25.14, and G.S. 95-25.20, it also means the State of North Carolina, any city, town, county, or municipality, or any State or local agency or instrumentality of government. The Government of the United States and any agency of the United States (including the United States Postal Service and Postal Rate Commission) are not included as persons for any purpose under this Article.
- (12) ~~"Seasonal food service establishment" means a~~ Seasonal food service establishment. – A restaurant, food and drink stand or other establishment generally recognized as a commercial food service establishment, preparing and serving food to the public but operating 180 days or less per year.
- (13) ~~"Seasonal religious or nonprofit educational conference center or a seasonal amusement or recreational establishment" means an~~ Seasonal religious or nonprofit educational conference center or a seasonal amusement or recreational establishment. – An establishment which does not operate for more than seven months in any calendar year, or during the preceding calendar year had average receipts for any six months of such year of not more than thirty-three and one-third percent (33 1/3%) of its average receipts for the other six months of that year.
- (14) ~~"Tipped employee" means any~~ Tipped employee. – Any employee who customarily receives more than twenty dollars (\$20.00) a month in tips.

(15) ~~"Tip" shall mean any Tip. – Any~~ money or part thereof over and above the actual amount due a business for goods, food, drink, services or articles sold which is paid in cash or by credit card, or is given to or left for an employee by a patron or patrons of the business where the employee is employed.

(16) ~~"Wage" Wage. – Wage~~ paid to an employee means compensation for labor or services rendered by an employee whether determined on a time, task, piece, job, day, commission, or other basis of calculation, and the reasonable cost as determined by the Commissioner of furnishing employees with board, lodging, or other facilities. For the purposes of G.S. 95-25.6 through G.S. 95-25.13 "wage" includes sick pay, vacation pay, severance pay, commissions, bonuses, and other amounts promised when the employer has a policy or a practice of making such payments.

(16a) Willful. – The employer knew or showed reckless disregard for the issue of whether the employer's conduct was prohibited.

(17) ~~"Workweek" means any Workweek. – Any~~ period of 168 consecutive hours.

(18) ~~"Enterprise" means the related activities performed either through unified operations or common control by any person or persons for a common business purpose and includes all such activities whether performed in one or more establishments or by one or more corporate units but shall not include the related activities performed for such enterprise by an independent contractor or franchisee."~~

SECTION 1.6.(b) G.S. 95-25.13 reads as rewritten:

"§ 95-25.13. Notification, posting, and records.

Every employer shall do all of the following:

(1) Notify its employees, in writing at the time of hiring, and upon any material change, of the following information:

a. The amount of the promised wages and the day and place for payment basis upon which the promised wages will be calculated (for example, per hour or per piece).

b. The method, day, and place for payment of wages.

c. The full name, mailing address, and telephone number of the employer and the federal and State tax identification number of each employer who is not a natural person.

d. The employment status of the employee. Such notification or classification by the employer is not determinative of the employee's actual employment status.

(2) Make available to its employees, in writing or through a posted notice maintained in a place accessible to its employees, employment practices and policies with regard to promised wages.

(3) Notify employees, in writing, at least one pay period prior to any changes in promised wages. Wages may be retroactively increased without the prior notice required by this subsection.

(4) Furnish each employee with an itemized statement of deductions made from that employee's wages under G.S. 95-25.8 and with the information required by 13 NCAC 12 .0801(6) and 13 NCAC 12 .0801(8) through (13) for each pay period such deductions are made period."

SECTION 1.6.(c) G.S. 95-25.22 reads as rewritten:

"§ 95-25.22. Recovery of unpaid wages.

(a) Any employer who violates the provisions of G.S. 95-25.3 (Minimum Wage), G.S. 95-25.4 (Overtime), or G.S. 95-25.6 through 95-25.12 (Wage Payment) shall be liable to the employee or employees affected in the amount of their unpaid minimum wages, their unpaid

overtime compensation, or their unpaid amounts due under G.S. 95-25.6 through G.S. 95-25.12, as the case may be, plus interest at the legal rate set forth in G.S. 24-1, from the date each amount first came due.

(a1) In addition to the amounts awarded pursuant to subsection (a) of this section, the court shall award liquidated damages in an amount equal to twice the amount found to be due as provided in subsection (a) of this section, provided that if the employer shows to the satisfaction of the court that the act or omission constituting the violation was in good faith and that the employer had reasonable grounds for believing that the act or omission was not a violation of this Article, the court may, in its discretion, award no liquidated damages or may award any amount of liquidated damages not exceeding twice the amount found due as provided in subsection (a) of this section.

(a2) Any employer who violates the provisions of G.S. 95-25.13 or any rule adopted under that section shall be liable to the employee or employees affected in the amount of their actual damages, including, but not limited to, lost wages and benefits plus interest.

(a3) In addition to the amounts awarded pursuant to subsections (a), (a1), and (a2) of this section, if the court finds that the employer has intentionally violated any provision of this Article or any regulation issued pursuant to this Article, the court shall award statutory damages of up to five hundred dollars (\$500.00) per employee per violation. Factors to be considered in setting the number of statutory damages include the nature and persistence of the violations and the extent of the employer's culpability.

(b) Action to recover such liability may be maintained in the General Court of Justice by any one or more employees.

(c) Action to recover such liability may also be maintained in the General Court of Justice by the Commissioner at the request of the employees affected. Any sums thus recovered by the Commissioner on behalf of an employee shall be held in a special deposit account and shall be paid directly to the employee or employees affected.

(d) The court, in any action brought under this Article ~~may, shall,~~ in addition to any judgment awarded plaintiff, order costs and fees of the action and reasonable attorneys' fees to be paid by the defendant. In an action brought by the Commissioner in which a default judgment is entered, the clerk shall order attorneys' fees of three hundred dollars (\$300.00) to be paid by the defendant.

The court may order costs and fees of the action and reasonable attorneys' fees to be paid by the plaintiff if the court determines that the action was frivolous.

(e) The Commissioner is authorized to determine and supervise the payment of the amounts due under this section, including interest at the legal rate set forth in G.S. 24-1, from the date each amount first came due, and the agreement to accept such amounts by the employee shall constitute a waiver of the employee's right to bring an action under subsection (b) of this section.

(f) Actions under this section must be brought within two years pursuant to ~~G.S. 1-53.~~ G.S. 1-53, except that an action arising out of a willful violation may be brought within three years. Actions may also be brought within one year after notification to the employee of final disposition by the State of a complaint for the same violation.

(g) Prior to initiating any action under this section, the Commissioner shall exhaust all administrative remedies, including giving the employer the opportunity to be heard on the matters at issue and giving the employer notice of the pending action."

SECTION 1.6.(d) G.S. 95-25.23 reads as rewritten:

"§ 95-25.23. Violation of provisions on minimum wage, overtime, wage payment, withholding of wages, notification, and youth employment; civil penalty.

(a) Any employer who violates the provisions of ~~G.S. 95-25.5~~ G.S. 95-25.3 (Minimum Wage), 95-25.4 (Overtime), 95-25.5 (Youth Employment)–Employment), 95-25.6 (Wage Payment), or 95-25.13 (Notification), or any regulation issued thereunder, shall be subject to a

civil penalty not to exceed five hundred dollars (\$500.00) for the first violation and not to exceed one thousand dollars (\$1,000) for each subsequent violation. In determining the amount of such penalty, the appropriateness of such penalty to the size of the business of the person charged and the gravity of the violation shall be considered. The determination by the Commissioner shall be final, unless within 15 days after receipt of notice thereof by certified mail with return receipt, by signature confirmation as provided by the U.S. Postal Service, by a designated delivery service authorized pursuant to 26 U.S.C. § 7502(f)(2) with delivery receipt, or via hand delivery, the person charged with the violation takes exception to the determination, in which event final determination of the penalty shall be made in an administrative proceeding pursuant to Article 3 of Chapter 150B and in a judicial proceeding pursuant to Article 4 of Chapter 150B.

(b) The amount of such penalty when finally determined may be recovered in the manner set forth in G.S. 95-25.23B.

(c) The clear proceeds of civil penalties provided for in this section shall be remitted to the Civil Penalty and Forfeiture Fund in accordance with G.S. 115C-457.2.

(d) Assessment of penalties under this section shall be subject to a ~~two-year~~ three-year statute of limitations commencing at the time of the occurrence of the violation."

SECTION 1.6.(e) Article 2A of Chapter 95 of the General Statutes is amended by adding a new section to read:

"§ 95-25.23D. Wage claims; liens; collections.

(a) For the purposes of wage claims and collections under this Article, an employee is entitled to a lien upon:

(1) All property of the employer, real or personal, located in this State; and

(2) All property upon which the employee has performed work at the insistence of the owner or of any person acting by the employer's authority or under the owner as contractor or otherwise, for the full amount of the wages and any statutory penalties owed.

(b) Both a wage claim and an action to enforce a lien under this section may be brought by the employee individually or by the Commissioner, or any representative of the employee on behalf of the employee, including collective bargaining representatives.

(c) If no lien has been recorded at the time the employee files the complaint with the Commissioner, the Commissioner shall record and provide notice of the lien on behalf of the employee.

(d) Any number of wage claims or wage deficiencies against the same employer may be joined in a single proceeding, but the court may order separate trials or hearings. If the proceeds of the sale of the property subject to a lien are insufficient to pay all the claimants, whether or not such claims have been joined together, the court shall order the claimants to be paid in proportion to the amount due each claimant.

(e) An employee's lien upon personal property shall be limited to such property as can be made subject to a security interest under the Commercial Code by the filing of a financing statement.

(f) In order to enforce a lien under this section upon real property, a claim of lien must be recorded with the county recorder in the county where the property is located, as follows:

(1) The claim shall include all of the applicable information set forth under G.S. 44A-12.

(2) The notice of lien shall be served on the property owner in the manner prescribed by G.S. 44A-11.

A lien under this section is perfected as soon as notice is provided as required by this subsection.

(g) In order to enforce a lien under this section upon personal property, the Commissioner, employee representative, or employee shall file the notice of the lien in the office of the Secretary of State and serve a copy of the notice by personal service to the employer in the

same manner as a summons or by mail. The office of the Secretary of State shall place the notice of the lien in the same file as the financing statements pursuant to G.S. 25-9-310. The notice shall specify the nature and amount of the claim, describe the property on which the lien is made, and state that the person filing the notice claims a lien on that property.

(h) The lien may be filed at any time prior to the expiration of the statute of limitations for a wage claim on the same wages pursuant to G.S. 95-25.22(f).

(i) Mistakes or errors in the claimed amount owed shall not invalidate the lien unless made with the intent to defraud.

(j) If a lien is recorded pursuant to subsection (f) of this section and an action to recover unpaid wages has been filed, then that action shall also be deemed an action to foreclose upon any property subject to the recorded lien. In the judgment resulting from such an action, the court may order the sale at sheriff's auction or the transfer to the plaintiff of title or possession of any property subject to the lien. Whether or not the court makes such an order as part of the judgment, a writ of sale may be issued for any property subject to the lien at any point after a judgment for unpaid wages is issued.

(k) If judgment is entered in favor of the employer in an action for unpaid wages or if the case is dismissed with prejudice, the lien shall be extinguished upon expiration of the applicable appeals period if no appeal is filed. If an appeal is filed, the lien shall continue in force until all issues on appeal have been decided.

(l) If an action to recover the wages is not brought within one year of the filing of the lien, the lien created by this section shall be extinguished.

(m) A lien recorded pursuant to subsection (f) of this section takes precedence over all other debts, judgments, decrees, liens, or mortgages against the employer, regardless as to whether these debts, judgments, decrees, liens, or mortgages originate before or after the wage lien, and regardless of whether these debts, judgments, decrees, liens, or mortgages were perfected prior to the wage lien. An employee's lien is effective against the employer, the estate of the employer, or a subsequent bona fide purchaser of the property subject to the employee's lien.

(n) The employee, the Commissioner, or the employee's representative, as assignee of the employee, is entitled to court costs and reasonable attorneys' fees for filing a successful action to foreclose a lien pursuant to this section."

SECTION 1.6.(f) This section is effective when this act becomes law and applies to employers and employees on or after that date.

"BAN THE BOX"

SECTION 1.7.(a) Chapter 126 of the General Statutes is amended by adding a new Article to read:

"Article 17.

"Fair Assessment of Persons with Criminal Histories.

"§ 126-100. Definitions.

The following definitions apply in this Article:

(1) Criminal history. – A State or federal history of conviction of a crime, whether a misdemeanor or felony, that bears upon an applicant's fitness for public employment. The term does not include a record of arrest not resulting in conviction.

(2) Hiring authority. – The agent responsible by law for the hiring of persons for public employment.

(3) Public employment. – Any job, work for pay, or employment, including temporary or seasonal work, where the employer is the State of North Carolina or any local political subdivision of the State.

"§ 126-101. Consideration of applicant criminal history.

A hiring authority may not inquire into or consider the criminal history of an applicant for public employment, or include any such inquiry on any initial employment application form, until the hiring authority has made a conditional offer of employment to the applicant. This Article is not applicable to positions for which a hiring authority is otherwise required by law to consider the criminal record; however, nothing in this Article shall be construed to preclude any hiring authority in its discretion from adopting the provisions of this Article.

"§ 126-102. Criteria for disqualification.

(a) Except as otherwise required by law, no person shall be disqualified from public employment solely or in part because of a prior conviction, unless the conviction is determined to be substantially related to the qualifications, functions, or duties of the position after consideration of all of the following factors:

- (1) The level and seriousness of the crime.
- (2) The date of the crime.
- (3) The age of the person at the time of the conviction.
- (4) The circumstances surrounding the commission of the crime, if known.
- (5) The nexus between the criminal conduct and the duties of the position.
- (6) The prison, jail, probation, parole, rehabilitation, and employment records of the person since the date the crime was committed.
- (7) The subsequent commission of a crime by the person.

(b) A record of arrest not resulting in conviction may not be the basis for disqualification from public employment.

"§ 126-103. Opportunity to provide evidence of inaccuracy.

The hiring authority must inform the individual of the potential adverse employment decision based on the background check report prior to a final decision and must provide an opportunity to demonstrate that the individual was not correctly identified in the background check report or that the report is otherwise inaccurate.

"§ 126-104. Data collection.

The State Human Resources Commission shall do the following:

- (1) Record and log the positions that are statutorily required to conduct background checks prior to a conditional offer of employment.
- (2) Conduct quarterly reviews to determine compliance with this Article and make a report on all such reviews to the General Assembly annually.
- (3) Collect, and make available to the public, data on:
 - a. The number of applicants for public employment with criminal histories given conditional offers of employment.
 - b. The number of applicants for public employment with criminal histories who are subsequently employed.
 - c. The retention rate of public employees with criminal histories.

"§ 126-105. Applicability.

The provisions of this Article apply to all applicants for public employment."

SECTION 1.7.(b) G.S. 126-5 is amended by adding a new subsection to read:

"(c19) Notwithstanding any other provision of law, the provisions of Article 17 of this Chapter apply as to applicants for employment with the State or any local political subdivision of the State."

SECTION 1.7.(c) This section is effective when this act becomes law and applies to applications for employment made on or after that date.

REPEAL OF PUBLIC EMPLOYEE COLLECTIVE BARGAINING RESTRICTION

SECTION 1.8.(a) G.S. 95-98 reads as rewritten:

~~"§ 95-98. Contracts between units of government and labor unions, trade unions or labor organizations concerning public employees declared to be illegal.~~

~~Any agreement, or contract, between the governing authority of any city, town, county, or other municipality, or between any agency, unit, or instrumentality thereof, or between any agency, instrumentality, or institution of the State of North Carolina, and any labor union, trade union, or labor organization, as bargaining agent for any public employees of such city, town, county or other municipality, or agency or instrumentality of government, is hereby declared to be against the public policy of the State, illegal, unlawful, void and of no effect."~~

SECTION 1.8.(b) This section is effective when this act becomes law.

EARNED INCOME TAX CREDIT

SECTION 1.9.(a) G.S. 105-151.31 is reenacted as it existed immediately before its expiration and reads as rewritten:

"§ 105-151.31. Earned income tax credit.

(a) Credit. – An individual who claims for the taxable year an earned income tax credit under section 32 of the Code is allowed a credit against the tax imposed by this Part equal to a percentage five percent (5%) of the amount of credit the individual qualified for under section 32 of the Code. A nonresident or part-year resident who claims the credit allowed by this section must reduce the amount of the credit by multiplying it by the fraction calculated under G.S. 105-134.5(b) or (c), as appropriate. ~~The percentage is as follows:~~

(1) ~~For taxable year 2013, four and one half percent (4.5%).~~

(2) ~~For all other taxable years, five percent (5%).~~

(b) Credit Refundable. – If the credit allowed by this section exceeds the amount of tax imposed by this Part for the taxable year reduced by the sum of all credits allowable, the Secretary must refund the excess to the taxpayer. The refundable excess is governed by the provisions governing a refund of an overpayment by the taxpayer of the tax imposed in this Part. ~~Section 3507 of the Code, Advance Payment of Earned Income Credit, does not apply to the credit allowed by this section.~~ In computing the amount of tax against which multiple credits are allowed, nonrefundable credits are subtracted before refundable credits.

(c) ~~Sunset. — This section is repealed effective for taxable years beginning on or after January 1, 2014."~~

SECTION 1.9.(b) This section is effective for taxable years beginning on or after January 1, 2025.

TAX CREDIT FOR CHILD AND DEPENDENT CARE EXPENSES

SECTION 1.10.(a) Article 4 of Chapter 105 of the General Statutes is amended by adding a new section to read:

"§ 105-151.34. Credit for qualified child and dependent care expenses.

(a) Credit. – A person who is allowed a credit against federal income tax for a percentage of employment-related expenses under section 21 of the Code shall be allowed as a credit against the tax imposed by this Part an amount equal to one hundred percent (100%) of the amount of the credit provided for in section 21 of the Code which is claimed and allowed pursuant to the Internal Revenue Code. To claim the credit allowed by this section, the taxpayer must provide with the tax return the information required by the Secretary of Revenue.

(b) Phaseout. – The credit allowed by this section shall be reduced by a percentage listed below, rounded to the nearest percentage point, based on the taxpayer's adjusted gross income as calculated under the Code:

<u>Filing Status</u>	<u>For AGI Exceeding</u>	<u>Percentage Reduction</u>
<u>Married, filing jointly</u>	<u>\$75,000</u>	<u>The lesser of 100% or</u> <u>[(Taxpayer's AGI – \$75,000)/\$125,000]</u>
<u>Head of Household</u>	<u>\$56,250</u>	<u>The lesser of 100% or</u> <u>[(Taxpayer's AGI – \$56,250)/\$93,750]</u>

Single \$37,500 The lesser of 100% or
[(Taxpayer's AGI – \$37,500)/\$62,500]

(c) Limitations. – A nonresident or part-year resident who claims the credit allowed by this section shall reduce the amount of the credit by multiplying it by the fraction calculated under G.S. 105-153.4(b) or (c), as appropriate. The credit allowed by this section may not exceed the amount of tax imposed by this Part for the taxable year reduced by the sum of all credits allowable, except for payments of tax made by or on behalf of the taxpayer."

SECTION 1.10.(b) Subsection (a) of this section is effective for taxable years beginning on or after January 1, 2025.

UNEMPLOYMENT INSURANCE BENEFITS INCREASES

SECTION 2.1.(a) G.S. 96-14.2(a) reads as rewritten:

"(a) Weekly Benefit Amount. – The weekly benefit amount for an individual who is totally unemployed is an amount equal to the wages paid to the individual in the last two completed quarters highest paid quarter of the individual's base period divided by 52 and rounded to the next lower whole dollar. If this amount is less than fifteen dollars (\$15.00), the individual is not eligible for benefits. The weekly benefit amount may not exceed three hundred fifty dollars (\$350.00).six hundred eighty dollars (\$680.00)."

SECTION 2.1.(b) This section is effective for benefit weeks beginning on or after April 1, 2025.

SECTION 2.2. G.S. 96-14.3 reads as rewritten:

"§ 96-14.3. Duration of benefits.

(a) ~~Duration. – The number of weeks an individual is allowed to receive unemployment benefits depends on the seasonal adjusted statewide unemployment rate that applies to the six month base period in which the claim is filed. One six month base period begins on January 1 and one six month base period begins on July 1. For the base period that begins January 1, the average of the seasonal adjusted unemployment rates for the State for the preceding months of July, August, and September applies. For the base period that begins July 1, the average of the seasonal adjusted unemployment rates for the State for the preceding months of January, February, and March applies. The Division must use the most recent seasonal adjusted unemployment rate determined by the U.S. Department of Labor, Bureau of Labor Statistics, and not the rate as revised in the annual benchmark.~~

Seasonal Adjusted Unemployment Rate	Number of Weeks
Less than or equal to 5.5%	12
Greater than 5.5% up to 6%	13
Greater than 6% up to 6.5%	14
Greater than 6.5% up to 7%	15
Greater than 7% up to 7.5%	16
Greater than 7.5% up to 8%	17
Greater than 8% up to 8.5%	18
Greater than 8.5% up to 9%	19
Greater than 9%	20

(a1) Maximum Duration. – An eligible individual is entitled to receive unemployment benefits for a maximum period of 26 weeks, unless the benefit period is extended expressly by State or federal law.

(b) Total Benefits. – The total benefits paid to an individual equals the individual's weekly benefit amount allowed under G.S. 96-14.2 multiplied by the number of weeks allowed under subsection (a) of this section.26."

1 **SECTION 2.3.** The Legislative Research Commission (LRC) shall study expanding
2 the State's employment security system to cover self-employed workers who are laid off or have
3 hours reduced due to an economic downturn. For the purposes of this review, the term
4 "self-employed worker" means an individual who has a contract or arrangement to perform work
5 or services. The term includes, but is not limited to, app-based ride-share and food delivery
6 drivers, freelancers, and other similar "gig economy" workers.

7 The LRC shall report its findings and any legislative proposals to the 2026 Session of
8 the 2025 General Assembly.

9
10 **PANDEMIC/OCCUPATIONAL DISEASE PRESUMPTION**

11 **SECTION 3.1.(a)** G.S. 97-53 reads as rewritten:

12 "**§ 97-53. Occupational diseases ~~enumerated; when due to exposure to chemicals and~~**
13 **conditions enumerated.**

14 The following diseases and conditions only shall be deemed to be occupational diseases
15 within the meaning of this Article:

16 ...

17 **(30)** Pandemic infection contracted by a covered person. – A pandemic infection
18 contracted by a covered person shall be presumed to be due to exposure in the
19 course of the covered person's employment. The presumption may only be
20 rebutted by clear and convincing evidence. The following definitions apply in
21 determining eligibility for compensation under this subdivision:

22 a. Covered person. – Means (i) a law enforcement officer, jailer, prison
23 guard, firefighter, or an emergency medical technician or paramedic
24 employed by a State or local governmental employer, including a
25 volunteer firefighter meeting the requirements of G.S. 58-84-5(3a),
26 (ii) a health care worker, or (iii) an employee required to work during
27 a pandemic for a business declared essential by executive order of the
28 Governor or by order of a local governmental authority, including food
29 service, retail, and other essential personnel.

30 b. Pandemic. – An outbreak of an emerging disease prevalent in the
31 United States or the whole world.

32 "

33 **SECTION 3.1.(b)** This section is effective when this act becomes law and applies
34 to claims for workers' compensation benefits filed on or after that date.

35
36 **COST-OF-LIVING ADJUSTMENT FOR RETIREES OF THE TEACHERS' AND**
37 **STATE EMPLOYEES' RETIREMENT SYSTEM, THE CONSOLIDATED JUDICIAL**
38 **RETIREMENT SYSTEM, THE LEGISLATIVE RETIREMENT SYSTEM, AND THE**
39 **LOCAL GOVERNMENTAL EMPLOYEES' RETIREMENT SYSTEM**

40 **SECTION 4.1.(a)** G.S. 135-5 is amended by adding a new subsection to read:

41 "(aaa) Effective July 1, 2025, the retirement allowance payable to, or on account of,
42 beneficiaries whose retirement commenced on or before July 1, 2024, is increased by three
43 percent (3%) of the allowance payable on June 1, 2024, in accordance with subsection (o) of this
44 section. Effective July 1, 2025, the retirement allowance payable to, or on account of,
45 beneficiaries whose retirement commenced after July 1, 2024, but before June 30, 2025, is
46 increased by a prorated amount of three percent (3%), as determined by the Board of Trustees
47 based upon the number of months that a retirement allowance was paid between July 1, 2024,
48 and June 30, 2025."

49 **SECTION 4.1.(b)** G.S. 135-65 is amended by adding a new subsection to read:

50 "(ll) Effective July 1, 2025, the retirement allowance payable to, or on account of,
51 beneficiaries whose retirement commenced on or before July 1, 2024, is increased by three

percent (3%) of the allowance payable on June 1, 2024. Effective July 1, 2025, the retirement allowance payable to, or on account of, beneficiaries whose retirement commenced after July 1, 2024, but before June 30, 2025, is increased by a prorated amount of three percent (3%), as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2024, and June 30, 2025."

SECTION 4.1.(c) G.S. 120-4.22A is amended by adding a new subsection to read:

"(ff) In accordance with subsection (a) of this section, effective July 1, 2025, the retirement allowance payable to, or on account of, beneficiaries whose retirement commenced on or before January 1, 2025, is increased by three percent (3%) of the allowance payable on June 1, 2025. Effective July 1, 2025, the retirement allowance payable to, or on account of, beneficiaries whose retirement commenced after January 1, 2025, but before June 30, 2025, is increased by a prorated amount of three percent (3%), as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between January 1, 2025, and June 30, 2025."

SECTION 4.1.(d) G.S. 128-27 is amended by adding a new subsection to read:

"(hhh) Effective July 1, 2025, the retirement allowance payable to, or on account of, beneficiaries whose retirement commenced on or before July 1, 2024, is increased by three percent (3%) of the allowance payable on June 1, 2025, in accordance with subsection (k) of this section. Effective July 1, 2025, the retirement allowance payable to, or on account of, beneficiaries whose retirement commenced after July 1, 2024, but before June 30, 2025, is increased by a prorated amount of three percent (3%), as determined by the Board of Trustees based upon the number of months that a retirement allowance was paid between July 1, 2024, and June 30, 2025."

SECTION 4.1.(e) This section becomes effective July 1, 2025.

APPROPRIATION

SECTION 5.1.(a) There is appropriated from the General Fund to the Reserve for Retiree Cost-of-Living Adjustments the sum of two hundred fifty million dollars (\$250,000,000) in recurring funds for the 2025-2026 fiscal year to fund the cost-of-living adjustment provided by this act.

SECTION 5.1.(b) This section becomes effective July 1, 2025.

EFFECTIVE DATE

SECTION 6.1. Except as otherwise provided, this act is effective when it becomes law.