

North Carolina Legislative Update, May 5, 2017

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Work at the Legislature slowed this week following the whirlwind of last week's crossover deadline. Few committees met and no action was taken on any substantive bills.

Champions honored (H920)

The House and Senate met for a special joint session this week to honor the University of North Carolina at Chapel Hill men's basketball team for winning the NCAA championship last month. After adopting the joint resolution honoring the team, Tar Heels coach Roy Williams told the members that they needed to exhibit the same teamwork in order to move the state forward.

Retirement Benefits (S467)

Senators this week debated whether to change current retirement benefits for future state employees, teachers and some local government employees. Covered employees currently receive a guaranteed monthly income in retirement and can participate in the State health insurance plan. SB467 would apply a different system to those hired after June 30, 2018 with these employees being able to participate in a 401(k) plan and not having guaranteed health insurance during retirement. No current employees or retirees would lose benefits under the bill.

In support of the bill, sponsor Senator Andy Wells (R-Catawba) advocated for changing the current system due in part to what he said is a \$60 billion unfunded liability for the retirement system and health plan. Critics of the plan raised concerns that limiting retirement benefits would make it harder to fill State government positions, while proponents touted research conducted by the Legislature's nonpartisan staff that found no evidence that millennials are motivated by traditional pensions or retiree health coverage.

Budget Roll-out

The Senate is expected to roll-out its proposed budget bill within the next week. Appropriations chairs have been working on the bill, which sets out a spending plan for the 2017-2019 biennium. Preliminary figures from the NC Department of Revenue show that revenue collections are ahead of projections, which could produce additional funds to be spent, saved or applied to additional tax reductions. Key Legislators have announced a goal of passing a budget bill by June 30, the end of the State's fiscal year.

For more information, contact the Brooks Pierce Government Affairs Team, linked below.

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