

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025**

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HOUSE BILL 42

Committee Substitute Favorable 2/25/25

Senate Appropriations/Base Budget Committee Substitute Adopted 9/22/25

Short Title: Back the Blue Pay Act.

(Public)

Sponsors:

Referred to:

February 5, 2025

A BILL TO BE ENTITLED

AN ACT (1) AWARDING LEGISLATIVELY MANDATED ANNUAL SALARY INCREASES TO STATE LAW ENFORCEMENT AND CORRECTIONAL OFFICERS AND STATE BUREAU OF INVESTIGATION ADMINISTRATIVE EMPLOYEES AND GRANTING BONUSES TO STATE AND LOCAL LAW ENFORCEMENT OFFICERS; (2) AUTHORIZING RECRUITMENT AND RETENTION BONUSES FOR MEMBERS OF THE NORTH CAROLINA NATIONAL GUARD; (3) ENHANCING BENEFITS UNDER THE NORTH CAROLINA FIREFIGHTERS' AND RESCUE SQUAD WORKERS' PENSION FUND; (4) INCREASING BENEFITS PAYABLE UNDER THE NORTH CAROLINA NATIONAL GUARD PENSION FUND; AND (5) INCREASING THE AMOUNT AWARDED FOR LINE OF DUTY DEATHS UNDER THE PUBLIC SAFETY EMPLOYEES' DEATH BENEFITS ACT.

The General Assembly of North Carolina enacts:

PART I. APPROPRIATIONS

GENERAL FUND

SECTION 1.1.(a) Effective July 1, 2025, there is appropriated from the General Fund to a Reserve for State Law Enforcement Compensation Increases the sum of sixty-two million seven hundred eighteen thousand one hundred twenty-two dollars (\$62,718,122) in recurring funds for the 2025-2026 fiscal year and the sum of sixty-four million two hundred eighteen thousand one hundred twenty-two dollars (\$64,218,122) in recurring funds for the 2026-2027 fiscal year to award and administer the legislative salary increases provided in Part II of this act. These funds are allocated as follows:

- (1) To the Department of Public Safety, the sum of six million seven thousand one hundred three dollars (\$6,007,103) for the 2025-2026 fiscal year and the sum of seven million five hundred seven thousand one hundred three dollars (\$7,507,103) in the 2026-2027 fiscal year.
- (2) To the State Highway Patrol, the sum of eight million four hundred thirty-two thousand seven hundred nineteen dollars (\$8,432,719) in each year of the 2025-2027 fiscal biennium.
- (3) To the State Bureau of Investigation, the sum of two million six hundred ninety-six thousand nine hundred ninety-two dollars (\$2,696,992) in each year of the 2025-2027 fiscal biennium.



- (4) To the Department of Adult Correction, the sum of forty-two million seven hundred seventy-four thousand five hundred sixty-seven dollars (\$42,774,567) in each year of the 2025-2027 fiscal biennium.
- (5) To the Wildlife Resources Commission, the sum of eight hundred eighty-four thousand one hundred fifty dollars (\$884,150) in each year of the 2025-2027 fiscal biennium.
- (6) To the Department of Agriculture and Consumer Services, the sum of one hundred five thousand five hundred ninety-three dollars (\$105,593) in each year of the 2025-2027 fiscal biennium.
- (7) To the Department of Environmental Quality, the sum of two hundred ninety-six thousand five hundred thirty-seven dollars (\$296,537) in each year of the 2025-2027 fiscal biennium.
- (8) To the Department of Natural and Cultural Resources, the sum of one million five hundred twenty thousand four hundred sixty-one dollars (\$1,520,461) in each year of the 2025-2027 fiscal biennium.

SECTION 1.1.(b) Effective July 1, 2025, there is appropriated from the General Fund to a Reserve for State Law Enforcement Compensation Increases the sum of forty-one million thirty-nine thousand two hundred thirty-one dollars (\$41,039,231) in nonrecurring funds for the 2025-2026 fiscal year and the sum of forty-one million thirty-nine thousand two hundred thirty-one dollars (\$41,039,231) in nonrecurring funds for the 2026-2027 fiscal year to award legislatively mandated bonuses as provided by this act. These funds are allocated as follows:

- (1) To the Office of State Budget and Management, the sum of five million one hundred eighty-nine thousand two hundred thirty-one dollars (\$5,189,231) in each year of the 2025-2027 fiscal biennium.
- (2) To the Department of Public Safety, the sum of one million five hundred thousand dollars (\$1,500,000) in each year of the 2025-2027 fiscal biennium.
- (3) To the State Bureau of Investigation, the sum of thirty-four million three hundred fifty thousand dollars (\$34,350,000) in each year of the 2025-2027 fiscal biennium.

STATE AGENCY RECEIPTS

SECTION 1.2. Any receipts that are required to be used to pay the legislatively mandated salary increases and employee benefits increases provided in this act are appropriated up to the actual amount received for the 2025-2027 fiscal biennium.

PART II. SALARY INCREASES

STATE HIGHWAY PATROL/STATE BUREAU OF INVESTIGATION/ALCOHOL LAW ENFORCEMENT – SALARY SCHEDULE

SECTION 2.1.(a) Effective July 1, 2025, law enforcement officers of the State Highway Patrol, State Bureau of Investigation, and Alcohol Law Enforcement shall be compensated pursuant to an experience-based salary schedule and shall be compensated based on the officer's respective work experience pursuant to the salary schedule in subsection (b) of this section.

SECTION 2.1.(b) The following annual salary schedule applies for the 2025-2027 fiscal biennium under subsection (a) of this section:

Years of Experience	FY 2025-27
0	\$58,575
1	62,382
2	66,437
3	70,755

1	4	75,354
2	5	80,252
3	6+	85,468

**PROBATION AND PAROLE OFFICERS/JUVENILE COURT COUNSELORS –
SALARY SCHEDULE**

SECTION 2.2.(a) Probation and parole officers shall be compensated pursuant to the experience-based salary schedule based on the officer's respective work experience, as established in subsection (b) of this section.

SECTION 2.2.(a1) State employees serving in the Department of Public Safety, Division of Juvenile Justice and Delinquency Prevention, as Juvenile Court Counselors shall be compensated under the probation and parole officer salary schedule.

SECTION 2.2.(b) Effective July 1, 2025, the following annual salary schedule applies for the 2025-2027 fiscal biennium under subsections (a) and (a1) of this section:

Years of Experience	FY 2025-27
0	46,898
1	49,946
2	53,194
3	56,651
4	60,334
5	64,256
6+	68,432

**CORRECTIONAL OFFICERS/YOUTH COUNSELORS/YOUTH COUNSELOR
TECHNICIANS/YOUTH SERVICES BEHAVIORAL SPECIALISTS – SALARY
SCHEDULE**

SECTION 2.3.(a) State employees serving as correctional officers in the Department of Adult Correction shall be compensated at a specific pay rate on the basis of a salary schedule determined according to the duration of the employee's correctional officer work experience.

SECTION 2.3.(a1) State employees serving in the Department of Public Safety, Division of Juvenile Justice and Delinquency Prevention, shall be compensated at a specific pay rate set on the basis of a salary schedule determined according to the duration of the employee's work experience, as follows:

- (1) Youth Counselor Technicians shall be paid under the Correctional Officer I salary schedule.
- (2) Youth Services Behavioral Specialists shall be paid under the Correctional Officer II salary schedule.
- (3) Youth Counselors shall be paid under the Correctional Officer III salary schedule.

SECTION 2.3.(b) Effective July 1, 2025, the following annual salary schedule will apply for the 2025-2027 fiscal biennium under subsections (a) and (a1) of this section:

Experience	COI	COII	COIII
0	40,066	41,385	44,259
1	42,869	44,281	47,358
2	45,444	46,985	50,201
3	47,715	49,285	52,711
4	49,623	51,256	54,819
5	51,113	52,793	56,463
6+	52,135	53,850	57,593

SECTION 2.3.(c) Regarding the Department of Adult Correction and Division of Juvenile Justice, these salary funds are granted with the administrative flexibility necessary to address salary compression and related issues connected with these increases, including adjusting the salaries of supervisors and other employees who have, when considering classification, significantly more experience and length of service compared to other employees receiving this pay increase.

**FORESTRY, MARINE FISHERIES, PARKS, AND WILDLIFE RESOURCES LAW
ENFORCEMENT OFFICER – SALARY INCREASES**

SECTION 2.4.(a) Effective July 1, 2025, a legislatively mandated annual salary increase in the amount of six and one-half percent (6.5%) shall be awarded to employees serving as sworn law enforcement officers in one of the following State agencies:

- (1) Department of Agriculture, Forestry.
- (2) Department of Environmental Quality, Marine Fisheries.
- (3) Department of Natural and Cultural Resources, Parks.
- (4) Wildlife Resources Commission.
- (5) State Capitol Police.

SECTION 2.4.(b) No employee eligible to receive the annual salary increase awarded by this section shall be denied the full salary increase provided in this section because the employee's salary after applying the legislative increase is above the maximum of the salary range.

STATE BUREAU OF INVESTIGATION ADMINISTRATIVE INCREASES

SECTION 2.5. Effective July 1, 2025, the non-sworn administrative employees of the State Bureau of Investigation employed on June 30, 2025, are awarded a legislative annual salary increase in the amount of five and seventy-five hundredths percent (5.75%). No employee eligible to receive the annual salary increase awarded by this section shall be denied the full salary increase provided in this section because the employee's salary after applying the legislative increase is above the maximum of the salary range.

**PART III. STATE LAW ENFORCEMENT BONUS AWARDED IN EACH YEAR OF
THE 2025-2027 BIENNIUM**

BONUS AWARDED IN EACH YEAR OF 2025-2027 BIENNIUM

SECTION 3.1.(a) For the 2025-2026 fiscal year, a State employee (i) who is a sworn law enforcement officer eligible for compensation under Part II of this act or who is a sworn law enforcement officer employed by another State agency or The University of North Carolina System and (ii) who is employed on June 30, 2025, shall be awarded a bonus in the amount of one thousand five hundred dollars (\$1,500), payable during the month of November 2025.

SECTION 3.1.(b) For the 2026-2027 fiscal year, a State employee (i) who is a sworn law enforcement officer eligible for compensation under Part II of this act or who is sworn law enforcement officer employed by another State agency or The University of North Carolina System and (ii) who is employed on June 30, 2026, shall be awarded a bonus in the amount of one thousand five hundred dollars (\$1,500), payable during the month of November 2026.

SECTION 3.1.(c) The funds appropriated for bonuses in excess of the amounts required to implement these bonuses shall revert to the General Fund. The compensation bonuses awarded by this section are not compensation for the purposes of any retirement system administered by the State. The compensation bonuses awarded by this section are not part of annual salary and shall be paid out separately. The compensation bonus shall be awarded to eligible State-funded permanent employees without regard to an employee's placement within

the salary range, including employees at the top of the salary range. The compensation bonus shall be adjusted pro rata for permanent part-time employees.

SECTION 3.1.(d) The Office of State Budget and Management (OSBM) shall award these law enforcement compensation bonuses as provided by this section. The OSBM shall report on the administration of the awards to the Fiscal Research Division by March 15, 2026, and March 15, 2027.

PART IV. BONUSES FOR LOCAL LAW ENFORCEMENT AND NORTH CAROLINA NATIONAL GUARD

LOCAL LAW ENFORCEMENT BONUS

SECTION 4.1.(a) For the 2025-2026 fiscal year, a sworn local law enforcement officer employed on June 30, 2025, is eligible to receive a compensation bonus in the amount of one thousand five hundred dollars (\$1,500), payable during the month of November 2025.

SECTION 4.1.(b) For the 2026-2027 fiscal year, a sworn local law enforcement officer employed on June 30, 2026, is eligible to receive a compensation bonus in the amount of one thousand five hundred dollars (\$1,500), payable during the month of November 2026.

SECTION 4.1.(c) The funds appropriated for bonuses in excess of the amounts required to implement these bonuses shall revert to the General Fund. The compensation bonuses awarded by this section are not compensation for the purposes of any retirement system administered by the State. The compensation bonuses awarded by this section are not part of annual salary and shall be paid out separately. The compensation bonus shall be awarded to eligible officers without regard to an officer's placement within the salary range, including employees at the top of the salary range. The compensation bonus shall be adjusted pro rata for permanent part-time employees.

SECTION 4.1.(d) The State Bureau of Investigation (SBI) shall award these local law enforcement compensation bonuses as provided by this section. The SBI shall report on the administration of the awards to the Fiscal Research Division annually by March 15, 2026, and March 15, 2027.

NORTH CAROLINA NATIONAL GUARD RECRUITMENT AND RETENTION

SECTION 4.2.(a) Effective July 1, 2025, recruitment and retention bonuses shall be issued to the members of the North Carolina National Guard (NCNG) who refer enlistments or extend their service during the 2025-2027 fiscal biennium.

SECTION 4.2.(b) The compensation bonuses awarded by this section are not compensation for the purposes of any retirement system administered by the State. The compensation bonuses awarded by this section are not part of annual salary and shall be paid out separately.

SECTION 4.2.(c) The North Carolina National Guard (NCNG) shall award these compensation bonuses as provided by this section. The NCNG shall report on the administration of the awards to the Fiscal Research Division annually by March 15, 2026, and March 15, 2027.

PART V. BENEFIT ENHANCEMENTS

ENHANCE BENEFITS UNDER NORTH CAROLINA FIREFIGHTERS' AND RESCUE SQUAD WORKERS' PENSION FUND AND MAKE TECHNICAL CHANGES TO THE RELATED STATUTES

SECTION 5.1.(a) G.S. 58-86-55 reads as rewritten:

"§ 58-86-55. Monthly pensions upon attaining the age of 55 years.

(a) The monthly pension benefit under this section is one hundred eighty dollars (\$180.00) and is payable per month from the Pension Fund unless otherwise provided.

(a1) Any member who has served 20 years as an "eligible firefighter" or "eligible firefighter or eligible rescue squad worker" worker in the State of North Carolina, as provided in ~~G.S. 58-86-25 and G.S. 58-86-30, this Article~~, 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 January 1, 2025, receive a pension of one hundred seventy five dollars (\$175.00) per month.~~ benefit under this section.

(b) ~~Members shall pay fifteen dollars (\$15.00) per month as required by G.S. 58-86-35 and G.S. 58-86-40 for a period of no longer than 20 years. No "eligible rescue squad member" shall receive a pension prior to July 1, 1983.~~

(c) A member who is totally and permanently disabled while in the discharge of the member's official duties as a result of bodily injuries sustained or as a result of extreme exercise or extreme activity experienced in the course and scope of those official duties and who leaves the fire or rescue squad service because of this disability shall be entitled to be paid ~~from the fund a monthly benefit in an amount of one hundred seventy five dollars (\$175.00) per month a~~ monthly pension benefit under this section beginning the first month after the member's fifty-fifth birthday. All applications for disability are subject to the approval of the ~~board who~~ Board, and the Board may appoint physicians to examine and evaluate the disabled member prior to approval of the application, and annually thereafter. ~~Any G.S. 58-86-41 shall not apply to a disabled member shall not be required to make the monthly payment of fifteen dollars (\$15.00) as required by G.S. 58-86-35 and G.S. 58-86-40.~~ member.

(d) A member who is totally and permanently disabled for any ~~cause, cause~~ other than ~~line of duty, those under subsection (c) of this section~~ and who leaves the fire or rescue squad service because of this disability and who has at least 10 years of service with the ~~pension fund, Pension Fund~~ may be permitted to continue making a monthly contribution ~~of fifteen dollars (\$15.00) in the amount required under G.S. 58-86-41~~ to the fund until the member has made contributions for a total of 240 months. ~~The~~ Upon attaining the age of 55, that member shall upon attaining the age of 55 years be entitled to receive a monthly pension as provided by benefit under this section. All applications for disability are subject to the approval of the ~~board who~~ Board, and the Board may appoint physicians to examine and evaluate the disabled member prior to approval of the ~~application~~ application, and annually thereafter.

(d1) Benefits payable from the Pension Fund shall be paid in the following manner when a member is killed in the line of duty and the requirements of Article 12A of Chapter 143 of the General Statutes are met:

(1) If the member had been receiving a monthly pension ~~fund~~ benefit under this section prior to being killed in the line of duty, then there shall be paid to the member's principal beneficiary, if only one principal beneficiary is eligible and has not accepted a return of contributions, ~~an amount of one hundred seventy five dollars (\$175.00) per month the monthly pension benefit amount~~ beginning the month following the member's month of death, payable until the beneficiary's death. If the member became a member prior to July 1, 2018, and had not designated a principal beneficiary prior to being killed in the line of duty, there shall be paid to the member's living spouse upon the spouse's application to the Board, ~~an amount of one hundred seventy five dollars (\$175.00) per month the monthly pension benefit amount~~ beginning the month following the member's month of death, payable until the spouse's death.

(2) If the member had been receiving a monthly pension ~~fund~~ benefit under this section prior to being killed in the line of duty and the beneficiary is not payable as described in subdivision (1) of this subsection, then a lump sum payment equal to the difference between the amount paid into the member's separate account by or on behalf of the member and the amount received by

the member as a pensioner ~~will~~ shall be paid to the eligible beneficiaries, or if there are no eligible beneficiaries, shall be paid to the member's estate.

- (3) If the member had not yet begun receiving a monthly pension benefit under this section prior to being killed in the line of duty, then there shall be paid to the member's principal beneficiary, if only one principal beneficiary is eligible and has not accepted a return of contributions, ~~an amount of one hundred seventy-five dollars (\$175.00) per month~~ the monthly pension benefit amount beginning the month following the month the member would have attained age 55, or if the member had already attained age 55, beginning the month following the member's month of death, payable until the beneficiary's death. If the member became a member prior to July 1, 2018, and had not designated a principal beneficiary prior to being killed in the line of duty, then there shall be paid to the member's living spouse upon the spouse's application to the Board, ~~an amount of one hundred seventy-five dollars (\$175.00) per month~~ the monthly pension benefit amount beginning the month following the month the member would have attained age 55, or if the member had attained age 55, beginning the month following the member's month of death, payable until the spouse's death.

- (4) If the member had not yet begun receiving a monthly pension benefit under this section prior to being killed in the line of duty and the beneficiary is not payable as described in subdivision (3) of this subsection, then a lump sum payment equal to the member's contributions will be paid to the eligible beneficiaries, or if there are no eligible beneficiaries, a return of the contributions shall be paid to the member's estate.

~~A beneficiary under this subsection shall not be required to make the monthly payment of fifteen dollars (\$15.00) as required by G.S. 58-86-35 and G.S. 58-86-40. G.S. 58-86-41 shall not apply after the a member has been killed in the line of duty.~~

(e) ~~A member who, because the~~ If a member has at least 10 years of service with the Pension Fund and that member's (i) residence is annexed by a city under Part 2 or Part 3 of Article 4A of Chapter 160A of the General Statutes, or whose (ii) department is closed because of an annexation by a city under Part 2 or Part 3 of Article 4A of Chapter 160A of the General Statutes, or whose (iii) volunteer department is taken over by a city or county, and because of such the annexation or takeover the member is unable to perform as a firefighter or rescue squad worker of any status, and if the member has at least 10 years of service with the pension fund, may then the member shall be permitted to continue making a monthly contribution of fifteen dollars (\$15.00) in the amount required under G.S. 58-86-41 to the fund until the member has made contributions for a total of 240 months. The Upon completion of the total 240 months of contributions, and upon a member upon attaining the age of 55 years and completion of such contributions age 55, the member shall be entitled to receive a monthly pension as provided by benefit under this section. Any application to make monthly contributions under this section shall be subject to a finding of eligibility by the Board of Trustees upon application of the member.

(f) ~~The pensions-benefits provided under this Article shall be in addition to all other pensions or benefits under any other statutes of the State of North Carolina or the United States, notwithstanding any exclusionary provisions of other pensions or retirement systems provided by law."~~

SECTION 5.1.(b) Article 86 of Chapter 58 of the General Statutes is amended by adding a new section to read:

"§ 58-86-41. Amount due for membership; payments credited to separate member accounts.

(a) Unless otherwise provided under this Article, each member of the Pension Fund shall pay the sum of fifteen dollars (\$15.00) per month to the Pension Fund for membership in the fund for a period not to exceed 20 years.

(b) Unless otherwise provided under this Article, all payments due in any calendar year shall be made no later than March 31 subsequent to the end of the calendar year in which the payment was due.

(c) The Pension Fund shall not award fully credited service based on payments received later than March 31 subsequent to the end of the calendar year in which the month occurred unless the payment is applied as provided in G.S. 58-86-45(a1).

(d) Payments made in accordance with this section shall be credited to the separate account of the member and shall be kept by the custodian in a manner that allows the payments to be made available upon a member's withdrawal from membership or retirement."

SECTION 5.1.(c) G.S. 58-86-35 reads as rewritten:

"§ 58-86-35. Firefighters' application for membership in fund; ~~monthly payments by members; payments credited to separate accounts of members; Pension Fund; termination of membership.~~

(a) ~~Those firefighters~~ Firefighters who are eligible for membership in the Pension Fund pursuant to G.S. 58-86-25 may apply to the ~~board~~ Board for membership. ~~Each firefighter upon becoming a member of the fund shall pay the director of the fund the sum of fifteen dollars (\$15.00) per month; each payment shall be made no later than March 31 subsequent to the end of the calendar year in which the month occurred. The Pension Fund shall not award fully credited service based on payments received later than March 31 subsequent to the end of the calendar year in which the month occurred unless the payment is applied as provided in G.S. 58-86-45(a1). The monthly payments shall be credited to the separate account of the member and shall be kept by the custodian so it is available for payment on withdrawal from membership or retirement.~~

(b) ~~A member may elect to terminate membership in the fund~~ Pension Fund at any time and request the refund of payments previously made to the fund. ~~However, a~~ A member's delinquency in making the monthly payments required by this ~~section~~ Article does not result in the termination of membership without ~~such an election to terminate membership in the Pension Fund made by the member."~~

SECTION 5.1.(d) G.S. 58-86-40 reads as rewritten:

"§ 58-86-40. Rescue squad worker's application for membership in funds; ~~monthly payments by members; payments credited to separate accounts of members; Pension Fund; termination of membership.~~

(a) ~~Those rescue~~ Rescue squad workers eligible for membership in the Pension Fund pursuant to G.S. 58-86-30 may apply to the ~~board~~ Board for membership. ~~Those rescue squad workers eligible pursuant to G.S. 58-86-30 may apply to the board for membership. Each eligible rescue squad worker upon becoming a member shall pay the director of the fund the sum of fifteen dollars (\$15.00) per month; each payment shall be made no later than March 31 subsequent to the end of the calendar year in which the month occurred. The Pension Fund shall not award fully credited service based on payments received later than March 31 subsequent to the end of the calendar year in which the month occurred unless the payment is applied as provided in G.S. 58-86-45(a1). The monthly payments shall be credited to the separate account of the member and shall be kept by the custodian so it is available for payment on withdrawal from membership or retirement.~~

(b) ~~A member may elect to terminate membership in the fund~~ Pension Fund at any time and request the refund of payments previously made to the fund. ~~However, a~~ A member's delinquency in making the monthly payments required by this ~~section~~ Article does not result in the termination of membership without ~~such an election to terminate membership in the Pension Fund made by the member."~~

1 **SECTION 5.1.(e)** G.S. 58-86-45 reads as rewritten:

2 **"§ 58-86-45. Additional retroactive membership.**

3 (a1) Any firefighter or rescue squad worker who is 35 years of age or older and who is a
4 current or former member of a fire department or rescue squad chartered by the State of North
5 Carolina may purchase credit for any periods of service to any chartered fire department or rescue
6 squad not otherwise creditable by making a lump sum payment to the Annuity Savings Fund
7 equal to the full liability of the service credits calculated on the basis of the assumptions used for
8 purposes of the actuarial valuation of the system's liabilities, which payment shall take into
9 account the retirement allowance arising on account of the additional service credit commencing
10 at the earliest age at which the member could retire on a retirement allowance, as determined by
11 the board of trustees upon the advice of the consulting actuary, plus an administrative fee to be
12 set by the board of trustees. This provision for the payment of a lump sum for service "not
13 otherwise creditable" shall apply, inter alia, to all purchases of service credits for months as to
14 which timely payments were not previously made pursuant to G.S. 58-86-35 or G.S. 58-86-40,
15 ~~whichever is applicable in accordance with G.S. 58-86-41.~~

16 (b) An eligible firefighter or rescue squad worker who is not yet 35 years old may apply
17 to the Board for membership in the ~~fund~~ Pension Fund at any time. Upon becoming a member,
18 the worker may make a lump sum payment of ~~fifteen dollars (\$15.00) per month in the amount~~
19 required under G.S. 58-86-41 at the time of the payment for each month retroactively to the time
20 the worker first became eligible to become a member, plus interest at an annual rate to be set by
21 the ~~board~~ Board upon advice from actuary for each year of retroactive payments. Upon making
22 this lump sum payment, the worker shall be given credit for all prior service in the same manner
23 as if the worker had applied for membership upon first becoming eligible.

24 (c) A member of the Pension Fund who is not yet 35 years old may receive credit for the
25 prior service upon making a lump sum payment of ~~fifteen dollars (\$15.00) in the amount required~~
26 under G.S. 58-86-41 at the time of the payment for each month since the worker first became
27 eligible, plus interest at an annual rate to be set by the Board for each year of retroactive
28 payments. Upon making this lump sum payment, the date of membership shall be the same as if
29 the worker had applied for membership upon first becoming eligible. This provision for the
30 payment of a lump sum for service "not otherwise creditable" shall apply, inter alia, to all
31 purchases of service credits for months as to which timely payments were not previously made
32 pursuant to G.S. 58-86-35 or G.S. 58-86-40, whichever is applicable, for any firefighter or rescue
33 squad worker who is not yet 35 years of age or older and who is a current or former member of
34 a fire department or rescue squad chartered by the State of North Carolina."

35 **SECTION 5.1.(f)** The Revisor of Statutes shall replace the phrase "G.S. 58-86-35 or
36 G.S. 58-86-40" with the phrase "G.S. 58-86-41" in each instance it appears in G.S. 58-86-2.

37 **SECTION 5.1.(g)** This section applies to pension benefit amounts payable from the
38 Pension Fund due to a member or beneficiary on or after January 1, 2026. If a member or
39 beneficiary becomes eligible to receive a pension benefit from the Pension Fund on or before
40 December 31, 2025, but the pension benefit amount is paid from the Pension Fund on or after
41 January 1, 2026, then the pension benefit amount due to the member or beneficiary shall be the
42 amount applicable to the pension benefit amount that was effective for each respective month to
43 which the benefit applies.

44 **SECTION 5.1.(h)** This section is effective January 1, 2026.

45
46 **INCREASE BENEFITS PAYABLE UNDER NORTH CAROLINA NATIONAL GUARD**
47 **PENSION FUND**

48 **SECTION 5.2.(a)** G.S. 127A-40 reads as rewritten:

49 **"§ 127A-40. Pensions for the members of the North Carolina National Guard.**

50 (a) Every member and former member of the North Carolina National Guard who meets
51 the requirements of this section shall receive, commencing at age 60, a pension of one hundred

~~five-eight~~ dollars ~~(\$105.00)-(\$108.00)~~ per month for 20 years' creditable military service with an additional ten dollars and ~~fifty cents (\$10.50)-~~eighty cents (\$10.80) per month for each additional year of ~~such~~ creditable military service; provided, however, that the total pension shall not exceed two hundred ~~ten-sixteen~~ dollars ~~(\$210.00)-(\$216.00)~~ per month. ~~The requirements for~~

(a) ~~To receive a pension are that under this section,~~ each member ~~shall~~shall meet all of the following requirements:

(1) ~~Have~~The individual served and qualified for at least 20 years' creditable military service, including National Guard, reserve and active duty, under the same requirement specified for entitlement to retired pay for nonregular service under Chapter 67, Title 10, United States Code.

(2) ~~Have at~~At least 15 years of the aforementioned service required under subdivision (1) of this subsection was as a member of the North Carolina National Guard.

(3) ~~Have~~The individual received an honorable discharge from the North Carolina National Guard.

...."

SECTION 5.2.(b) This section applies to pension benefit amounts payable from the Pension Fund due to a member on or after January 1, 2026. If a member becomes eligible to receive a pension benefit from the Pension Fund on or before December 31, 2025, but the pension benefit amount is paid from the Pension Fund on or after January 1, 2026, then the pension benefit amount due to the member shall be the amount applicable to the pension benefit amount that was effective for each respective month to which the benefit applies.

SECTION 5.2.(c) This section is effective January 1, 2026.

INCREASE THE AMOUNT AWARDED FOR LINE OF DUTY DEATHS UNDER THE PUBLIC SAFETY EMPLOYEES' DEATH BENEFITS ACT

SECTION 5.3.(a) G.S. 143-166.3 reads as rewritten:

"§ 143-166.3. Payments; determination.

(a) When any covered person is killed in the line of duty, the Industrial Commission shall award a death benefit in the amount of ~~one hundred thousand dollars (\$100,000)-~~one hundred fifty thousand dollars (\$150,000) to be paid to one of the following:

(1) The spouse of the covered person if there is a surviving spouse.

(2) If there is no surviving spouse, then payments shall be made to any surviving dependent child of the covered person. If there is more than one surviving dependent child, then the payment shall be made to and equally divided among all surviving dependent children.

(3) If there is no surviving spouse and no surviving dependent child or children, then payments shall be made to any surviving dependent parent of the covered person. If there is more than one surviving dependent parent, then the payments shall be made to and equally divided between the surviving dependent parents of the covered person.

(4) If there is no surviving spouse, surviving dependent child, or surviving dependent parent, then the payment shall be made to the estate of the deceased covered person.

...

(e) ~~On and after July 1, 2016, when~~ When any covered person is murdered in the line of duty, in addition to the award under subsection (a) of this section, the Industrial Commission shall award a death benefit in the amount of ~~one hundred thousand dollars (\$100,000)-~~one hundred fifty thousand dollars (\$150,000) to be paid to one of the following:

(1) The spouse of the covered person if there is a surviving spouse.

- (2) If there is no surviving spouse, then payments shall be made to any surviving dependent child of the covered person. If there is more than one surviving dependent child, then the payment shall be made to and equally divided among all surviving dependent children.
- (3) If there is no surviving spouse and no surviving dependent child or children, then payments shall be made to any surviving dependent parent of the covered person. If there is more than one surviving dependent parent, then the payments shall be made to and equally divided between the surviving dependent parents of the covered person.
- (4) If there is no surviving spouse, surviving dependent child, or surviving dependent parent, then the payment shall be made to the estate of the deceased covered person.

...."

SECTION 5.3.(b) There is appropriated from the General Fund to the Department of State Treasurer the sum of one million two hundred sixty thousand seven hundred fifty dollars (\$1,260,750) in recurring funds for each year of the 2025-2027 fiscal biennium to be used for benefits awarded for line of duty deaths under the Public Safety Employees' Death Benefits Act, pursuant to this section.

SECTION 5.3.(c) This section is retroactively effective July 1, 2025, and subsection (a) of this section applies to deaths occurring on or after that date.

PART VI. MISCELLANEOUS PROVISIONS

USE OF FUNDS APPROPRIATED

SECTION 6.1.(a) The Office of State Budget and Management shall ensure that the appropriations made by this act are used only for those purposes.

SECTION 6.1.(b) If the Director of the Budget determines that funds appropriated to a State agency exceed the amount required by that agency for those purposes, the Director may reallocate those funds to other State agencies that received insufficient funds for the employee salaries or benefits as authorized by this act.

SECTION 6.1.(c) Funds appropriated by this act may not be used to adjust the budgeted salaries of vacant positions, to provide salary increases in excess of those required by the General Assembly, or to increase the budgeted salary of filled positions to the minimum of the position's respective salary range.

SECTION 6.1.(d) Any funds appropriated for employee benefits in excess of the amounts required to provide for employee benefits shall be credited to the Pay Plan Reserve.

SECTION 6.1.(e) No later than May 1, 2026, the Office of State Budget and Management shall report to the Fiscal Research Division on the expenditure of funds for employee benefits under this Part. This report shall include at least the following information for each State agency:

- (1) The total amount of funds that the agency received under this Part for employee benefits.
- (2) The total amount of funds transferred from the agency to other State agencies pursuant to subsection (b) of this section. This section of the report shall identify the amounts transferred to each recipient State agency.
- (3) The total amount of funds used by the agency for employee benefits.
- (4) The amount of funds credited to the Pay Plan Reserve.

STATE BUDGET ACT APPLICABILITY

SECTION 6.2. If any provision of this act and S.L. 2025-89 or G.S. 143C-5-4 are in conflict, the provisions of this act shall prevail. The appropriations and the authorizations to

1 allocate and spend funds which are set out in this act shall remain in effect until the Current
2 Operations Appropriations Act for the applicable fiscal year becomes law, at which time that act
3 shall become effective and shall govern appropriations and expenditures. When the Current
4 Operations Appropriations Act for that fiscal year becomes law, the Director of the Budget shall
5 adjust allotments to give effect to that act from July 1 of the fiscal year.

6
7 **SEVERABILITY CLAUSE**

8 **SECTION 6.3.** If any provision of this act or its application is held invalid, the
9 invalidity does not affect other provisions or applications of this act that can be given effect
10 without the invalid provisions or application and, to this end, the provisions of this act are
11 severable.

12
13 **PART VII. EFFECTIVE DATE**

14 **SECTION 7.1.** Except as otherwise provided, this act is effective July 1, 2025.