



This Bill Analysis reflects the contents of the bill as it was presented in committee.

HOUSE BILL 385: Increase Sheriffs' Supp. Pension Court Cost

2015-2016 General Assembly

Committee:	House Pensions and Retirement, if favorable, Finance	Date:	April 20, 2015
Introduced by:	Reps. McNeill, Presnell, Shepard, Waddell	Prepared by:	Theresa Matula Committee Staff
Analysis of:	PCS to First Edition H385-CSSH-17		

SUMMARY: *The PCS for House Bill 385 increases from \$1.25 to \$2.50 the portion of court costs used to fund supplemental pension benefits for sheriffs in the Sheriffs' Supplemental Pension Fund and allows unused sick leave in the Local Governmental Employees' Retirement System (LGERS) to be applied as eligible service in the Sheriffs' Supplemental Pension Fund.*

(The PCS combines the original content of HB 385 and amended content from HB 331.)

CURRENT LAW:

G.S. 7A-304(a)(3a) provides \$1.25 from court costs collected in criminal cases to be used to fund the supplemental pension benefits for sheriffs.

G.S. 7A-180(4) provides that the clerk of superior court in district court matters has the power to accept written appearances, waivers of trial or hearing and pleas of guilty or admissions of responsibility for certain types of offenses in accordance with schedules of offenses promulgated by the Conference of Chief District Judges and to enter judgment and collect the fine or penalty and costs.

G.S. 7A-273(2) provides that in misdemeanor or infraction cases involving certain alcohol offenses, traffic offenses, hunting, fishing, State park and recreation area rule offenses, boating offenses, certain burning offenses and littering offenses the magistrate has power to accept written appearances, waivers of trial or hearing and pleas of guilty or admissions of responsibility, in accordance with the schedule of offenses and fines or penalties promulgated by the Conference of Chief District Judges, and to enter judgment and collect the fines or penalties or costs.

Article 12H of Chapter 143 provides the Sheriffs' Supplemental Pension Fund. As described in G.S. 143-166.8, the Fund provides supplemental pension benefits for all county sheriffs who are retired from the Local Governmental Employees' Retirement System (LGERS), or an equivalent locally sponsored plan. The Sheriffs' Supplemental Pension Fund (SSPF) is administered by the NC Department of Justice, Sheriffs' Standards Division.

G.S. 128-26(e) outlines creditable service in the LGERS, including creditable service for unused sick leave.

BILL ANALYSIS: Section 1 of the bill amends G.S. 7A-304(a) which provides for the assessment, collection, and distribution of costs in criminal cases. The bill increases from \$1.25 to \$2.50 the amount that is remitted to the Department of Justice to administer the Sheriffs' Supplemental Pension Fund.

Section 2 of the bill amends G.S. 143-166.84 which outlines eligibility in the Sheriffs' Supplemental Pension Fund (SSPF). The bill provides a new subsection specifying that "eligible service as a sheriff" means membership service rendered since the person became sheriff, and if the person has sick leave standing to his or her credit accrued as a member of the LGERS and following notification to the

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Retirement Systems Division by the Department of Justice elects to have all of that sick leave applied to service in the SSPF instead of the LGERS, one month of credit for each 20 days or portion thereof, but not less than one hour, and is subject to all the requirements and restrictions of G.S. 128-26(e).

EFFECTIVE DATE: Section 3(a) contains the effective date of Section 1 of the bill pertaining to court costs. Section 1 of the bill would become effective July 1, 2015, and applies to court costs imposed or collected on or after that date, except that in misdemeanor cases disposed of on or after that date by written appearance, waiver of trial or hearing, and plea of guilty or admission of responsibility pursuant to G.S. 7A-180(4) or G.S. 7A-273(2) in which the citation or other criminal process was issued before that date, the cost shall be the lesser of the cost specified in G.S. 7A-304(a), as amended by this act, or the cost specified in the notice portion of the defendant's or respondent's copy of the citation or other criminal process, if any costs are specified in that notice.

Section 3(b) contains the effective date of Section 2 of the bill pertaining to unused sick leave. Section 2 of the bill becomes effective July 1, 2015, and expires January 31, 2019.

Section 3(c) provides that the remainder of the act is effective when it becomes law.

BACKGROUND: The Sheriffs' Supplemental Pension Fund (SSPF) is administered by the NC Department of Justice, Sheriffs' Standards Division. The SSPF is funded by criminal court costs assessed and collected under G.S. 7A-304(a)(3a) which requires \$1.25 to be remitted for supplemental pension benefits for sheriffs. Benefits are based on the Fund's assets. According to the 2013 Annual Report from the Sheriffs' Supplemental Pension Program, the total available assets are divided into equal shares and disbursed as monthly payments.

Information supplied by David Vanderweide, Fiscal Research Division, includes the fact that because this system is based on shares and funded from court costs, it is different from a defined benefit. As the number of individuals eligible for benefits increases, so does the number of shares, which decreases the value of each share. The share value for 2013 was \$748.58. Thus, each additional year of service provides an annual benefit of \$748.58. If a local government awarded 12 days per year of sick leave and an employee never used sick leave, then an employee retiring with 30 years of service would have 18 months of sick leave credit ($12 \times 30 / 20 = 18$). Additionally, the extra benefit due to using a year of sick leave in LGERS, assuming you are otherwise eligible to retire, is $1.85\% \times$ Average Final Compensation (AFC). At an AFC of \$40,000, that is \$740 per month and at an AFC of \$150,000, it is \$2,775 per month.

David Vanderweide, Fiscal Analyst, Fiscal Research Division, contributed to this summary.