



# HOUSE BILL 176: Pensions Integrity Act of 2017.

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

2017-2018 General Assembly

<b>Committee:</b>	Senate Pensions and Retirement and Aging. If favorable, re-refer to Rules and Operations of the Senate	<b>Date:</b>	June 20, 2017
<b>Introduced by:</b>	Reps. Ross, Collins, McNeill	<b>Prepared by:</b>	Tawanda N. Foster Committee Counsel
<b>Analysis of:</b>	First Edition		

**OVERVIEW:** House Bill 176 would make changes to assist in preventing and detecting fraud, waste, and abuse and ensure fiscal integrity of the Teachers' and State Employees' Retirement System (TSERS), the Retiree Health Benefit, and the Local Governmental Employees' Retirement System (LGERS).

### BILL ANALYSIS:

**Sections 1(a), 1(b)** adds a definition for "compliance investigation" in TSERS.

**Section 1(c)** amends the definition of "fraud investigation" in TSERS to add records to the list of documents subject to review or examination.

**Section 1(d)** adds compliance investigations to current fraud investigations provisions in TSERS to allow use of these provisions in compliance audits conducted without suspicion of fraud.

**Sections 1(e), 1(f)** adds a definition for "compliance investigation" in LGERS.

**Section 1(g)** amends the definition of "fraud investigation" in LGERS to add records to the list of documents subject to review or examination.

**Section 1(h)** adds compliance investigations to current fraud investigations provisions in LGERS to allow use of these provisions in compliance audits conducted without suspicion of fraud.

**Section 2(a)** extends in TSERS and **Section 2(b)** extends in LGERS the length of current interest-free payment plans for monies owed to the Retirement System under the anti-pension spiking contribution-based benefit cap from 12 months to 15 months. Also, this bill adds a second payment plan option of up to 27 months with interest.

**Section 3** allows local governments that made arrangements with the Department of State Treasurer prior to January 1, 2107 to continue to deduct monthly premiums for retiree health insurance from retiree benefits. This section also prohibits the Department of State Treasurer from making arrangements to deduct amounts from a beneficiary's retirement benefit to be paid to the former employer for providing health benefits.

**Section 4(a)** requires a chief financial officer of a public school system who receives a report from TSERS that they are likely to owe an additional contribution under the contribution-based benefit cap to transmit a copy of this report to the local board of education and notify the board of county commissioners in the county where the local administrative unit is located.

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**Section 4(b)** adds in TSERS and **Section 4(c)** adds in LGERS a requirement that an employer's chief financial officer who receives a report from the Retirement System that they are likely to owe an additional contribution under the contribution-based benefit cap to transmit a copy of this report to the chief executive officers and any governing boards.

**Section 5(a)** adds the term "eligible service as a sheriff" in the Sheriffs' Supplemental Pension Fund to allow a sheriff to elect to have accumulated sick leave as a member of LGERS converted to eligible service as a sheriff under this fund.

**Section 5(b)** provides Section 5(a) becomes effective July 1, 2017 and expires July 1, 2022.

**Section 6** requires the North Carolina Department of Revenue to provide copies of a member or beneficiary's state tax return or other information upon request by the Retirement Systems Division for use in compliance and fraud investigations.

**Section 7** provides the State Health Plan Board of Trustees may not approve resolutions allowing local governments that were allowed to participate in the State Health Plan under uncodified local laws passed in 2004, 2005, and 2006 to enroll retirees in the Retiree Health Benefit Plan after January 1, 2017.

**Section 8(a)** creates in TSERS and **Section 8(b)** creates in LGERS a floor on the employer contribution rates for the retirement systems equal to the employee contribution rate for fiscal years beginning subsequent to January 1, 2017.

**Section 9** provides a severability clause.

**EFFECTIVE DATE:** With the exception of Section 5, this act would be effective when it becomes law.