



# HOUSE BILL 777: Various Retirement Chngs/Wastewater Reform.

2019-2020 General Assembly

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<b>Committee:</b> Senate Rules and Operations of the Senate	<b>Date:</b> June 26, 2019
<b>Introduced by:</b> Reps. Belk, Gill, Hurley, Martin	<b>Prepared by:</b> Cindy Avrette
<b>Analysis of:</b> Second Edition	Staff Attorney

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**OVERVIEW:** *House Bill 777 would do two things:*

- *Make various changes to the pension statutes and the unclaimed property statutes.*
- *Make changes to the water and wastewater public enterprise statutes to address systems that exhibit signs of failure to generate sufficient revenues to adequately fund management, operation, and maintenance, and reinvestment of reliable water and wastewater services. This change is also included in the budget conference report, Section 12.15.*

**PARTS I THROUGH IV** of the bill would make various changes to the pension statutes and the unclaimed property statutes.

- Part I would amend the current law on the purchase of omitted membership service in the Teachers' and State Employees' Retirement System (TSERS) and the Local Governmental Employees' Retirement System (LGERS).<sup>1</sup> It would allow an individual who was not eligible to earn membership service in the previous year because that person was classified as part-time in error, to purchase the omitted service for that calendar year.
- Part II would make changes to the unclaimed property statutes.<sup>2</sup> It would state the Treasurer is not responsible for value changes while holding noncash assets; authorize the Treasurer to seek a court order to deliver funds; update filing requirements for holders of unclaimed property; and authorize refunds of property erroneously paid to the Treasurer.
- Part III would require stress testing for TSERS as recommended by the Pew Foundation.<sup>3</sup>
- Part IV would make technical corrections to TSERS, LGERS, the Consolidated Judicial Retirement System (CJRS), the North Carolina National Guard Pension Fund, the North Carolina Public School Teachers' and Professional Educators' Investment Plan, and the State Health Plan.<sup>4</sup>

For a more complete explanation of these provisions, please see the summary prepared for the Senate Pensions and Retirement and Aging Committee: [Bill Summary for House Bill 777](#)

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<sup>1</sup> Original contents of HB 777.

<sup>2</sup> Original contents found in HB 155.

<sup>3</sup> Original contents found in HB 626.

<sup>4</sup> Original contents found in HB 214.

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# House Bill 777

Page 2

**PART V** of the bill<sup>5</sup> would reform water/wastewater public enterprise law in the following ways:

- Establish a process for identifying distressed public water systems and wastewater systems.
- Establish the Viable Utility Fund, within the Department of Environmental Quality, to be used for assisting public water and wastewater systems to become self-sustaining, funded by a surcharge on all customers of public water and public wastewater systems. The budget conference report would appropriate a recurring \$9 million annually to this reserve fund.<sup>6</sup>
- Establish a process for a water or wastewater system created under Chapter 162 of the General Statutes to request merger or dissolution of that system.
- Encourage interlocal cooperation between public water and wastewater systems.

For a more complete explanation of these provisions, please see the summary prepared for the Senate Finance Committee: [Bill Summary for HB 777](#)

**EFFECTIVE DATE:** Except as otherwise provided, this act is effective when it becomes law.

*Tawanda Foster and Erika Churchill substantially contributed to this summary.*

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<sup>5</sup> Original contents found in SB 536 and HB 570.

<sup>6</sup> See Page D-53 of the Joint Conference Committee Report on HB 966.