



HOUSE BILL 481: Pay Exceptions/Special Separation Allowance.

2025-2026 General Assembly

Committee: Senate Rules and Operations of the Senate	Date: June 11, 2026
Introduced by: Rep. Davis	Prepared by: Jessica Boney
Analysis of: Third Edition	Staff Attorney

OVERVIEW: *House Bill 481 would do the following:*

- *Allow State and local law enforcement officers (LEOs) to maintain eligibility for the special separation allowance (allowance) after a break in continuous service due to retirement if certain criteria are met.*
- *Update the cessation of payment provisions so that the allowance ends when a retired State LEO is reemployed in a State position that requires Teachers' and State Employees' Retirement System (TSERS) participation and is either subject to the State Human Resources Act or in the same agency from which the officer retired.*

CURRENT LAW: Special separation allowances are provided for a LEO employed by a State department, agency, or institution under G.S. 143-166.41, and for those employed by a local government employer under G.S. 143-166.42.

State and local LEOs are eligible to receive the allowance if they meet certain requirements, including completing five years of continuous service immediately before service retirement. The LEO remains eligible for the allowance when there is a break in continuous service due to disability retirement, as long as the officer returns to work within 45 days after disability benefits end.

Payment of the allowance to State LEOs stops on the first day the retired officer is reemployed by any State department, agency, or institution, unless the officer returns to a position that is exempt from the North Carolina Human Resources Act and is in a different agency from the one they retired from.

BILL ANALYSIS:

Section 1.(a) would amend the allowance criteria so that a State LEO would maintain eligibility for the allowance when there is a break in continuous service due to any type of retirement if the officer returns to work within 45 days after retirement benefits end.

Section 1.(b) would apply the above change to local LEOs.

Section 1.(c) would revise G.S. 143-166.41(c)(3) so that payment of the allowance ends when a retired State LEO is reemployed in a State department, agency or institution that both:

- Requires participation in TSERS.
- Is either (i) subject to the North Carolina Human Resources Act or (ii) located in the same agency from which the officer retired.

EFFECTIVE DATE: This act is effective when it becomes law. Section 1(c) applies to any reemployment under G.S. 143-166.41(c)(3) on or after that date.

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Legislative Analysis
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