



HOUSE BILL 79: North Carolina Work and Save.

2025-2026 General Assembly

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| Committee: | House Insurance. If favorable, re-refer to Appropriations. If favorable, re-refer to Rules, Calendar, and Operations of the House | Date: | March 6, 2025 |
| Introduced by: | Reps. Lowery, McNeely, Warren, Wheatley | Prepared by: | Bill Patterson |
| Analysis of: | First Edition | | Committee Co-Counsel |

OVERVIEW: *House Bill 79 would establish the Small Business Retirement Savings Program and would create the North Carolina Small Business Retirement Board, which would design and administer payroll deduction retirement savings programs in partnership with private sector entities, to be offered to employers that do not maintain tax-qualified retirement plans for their employees. The bill would also appropriate \$1 million in non-recurring funds over the next two fiscal years to fund the program's start-up and continued operation costs until it becomes self-sufficient through fees assessed by the Board on program accounts.*

BILL ANALYSIS: Section 1 of the bill would enact a new Part 2K in Article 10 of Chapter 143B of the General Statutes to establish the North Carolina Small Business Retirement Program ("Program").

The Program would make participation in tax-qualified retirement plans by payroll deduction available to eligible employees of private employers not offering such plans to their employees. Employer and employee participation in the Program would be on a voluntary basis.

The bill would create a 12-member North Carolina Small Business Retirement Savings Board, established for administrative purposes in the Department of Commerce, and comprising 10 voting members and two non-voting members appointed as follows:

- One member appointed by the State Treasurer;
- Five members appointed by the Governor, one with expertise in retirement investment products or retirement plan designs, one with expertise relating to small business or covered employers, one being knowledgeable about fiscal impacts, one being an employee of the Department of Commerce, and one being a member of the public;
- Two members appointed by the General Assembly upon the recommendation of the Speaker, one representing the interest of retirees and one with expertise in the interests of employers in retirement savings.
- Two members appointed by the General Assembly upon the recommendation of the President Pro Tempore, one representing employees with expertise in the interests of employees in retirement savings, and one with expertise in retirement investment products or retirement plan designs;
- Two non-voting advisory members, one of whom would be appointed by the Speaker and the other of whom would be appointed by the President Pro Tempore.

Members would serve four-year terms, beginning on October 1, 2025. The term length of the initial members appointed by the Governor and the General Assembly would be adjusted to create staggered

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terms. Members would be prohibited from engaging in specified acts, in addition to prohibitions applicable to covered persons under the State Government Ethics Act.

The Board would be authorized to design and maintain a payroll deduction retirement savings program for eligible employers in accordance with best practices for retirement savings vehicles, to adopt governing rules, and to obtain services needed by the Board in the exercise of its powers and duties by entering into competitively procured contracts with financial institutions, consultants, and other State agencies.

Employers eligible to participate in the Program would include those engaged in a business enterprise in this State, whether for profit or not for profit, excluding employers that currently maintain a specified tax-qualified retirement plan for their employees, or who have done so at any time within the current or two preceding calendar years, and also excluding federal, State, or local governments.

Employees eligible to participate in the Program would include individuals employed by an eligible employer who are at least 18 years of age and who receive compensation allocable to the State, excluding any employee covered under the federal Railway Labor Act, any employee for whom the employer contributes to a Taft-Hartley multiemployer pension trust fund, or any employee of the federal government, the State or any other state, any county or municipal corporation, or any of their units or instrumentalities.

The Board would have authority to set and collect fees from covered employees for application, account, or administrative processing, and to accept grants, gifts, appropriations, loans and other moneys from the State, any unit of federal, State, or local government, or any other person to defray the costs of administering the Program.

The North Carolina Small Business Retirement Savings Administrative Fund ("Fund") would be created to fund the Program, comprising moneys appropriated to the Fund by the General Assembly, moneys transferred to the Fund from the federal government, other State agencies, or local governments, moneys received from the payment of fees to the Board, gifts, donations, or grants made to the State for deposit in the Fund, and earnings on moneys in the Fund.

Neither the State nor any participating employers would be liable for decisions of the Board or participating employees or for any adverse consequences to any person resulting from participation in the program.

The Board would be directed to establish the Program so that individuals can begin making contributions not later than July 1, 2027.

Section 2 of the bill would appropriate to the Department of Commerce \$400K in nonrecurring funds for the 2025-2026 fiscal year and \$600K in nonrecurring funds for the 2026-2027 fiscal year, to be allocated to the Board to: 1) fund the startup and continuing costs of the Program until it becomes self-sufficient through fees assessed on Program accounts; and 2) hire a person to serve as the Program's initial executive director, who would fill the position on a time-limited basis and would not be considered a State employee.

EFFECTIVE DATE: This act would become effective July 1, 2025.