

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007

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SENATE DRS55106-LB-97A (3/16)

Short Title: Trust Fund for State Retiree Health Benefits. (Public)

Sponsors: Senator Blake.

Referred to:

A BILL TO BE ENTITLED

AN ACT TO CREATE A TRUST FUND TO PRE-FUND THE ACCRUED  
LIABILITY FOR STATE RETIREE HEALTH BENEFITS AND TO LIMIT ANY  
EXPENDITURE FROM THE FUND UNTIL AFTER JANUARY 1, 2032.

The General Assembly of North Carolina enacts:

**SECTION 1.** Article 9 of Chapter 143C of the General Statutes is amended  
by adding a new section to read:

**"§ 143C-9-7. Trust Fund for State Retiree Health Benefits.**

(a) The Trust Fund for State Retiree Health Benefits is established as an interest-bearing, nonreverting special trust fund in the Office of State Budget and Management. Moneys in the Trust Fund for State Retiree Health Benefits shall be held in trust and used solely to provide State retiree health benefits to the citizens of North Carolina if funds from all other sources available to the State are inadequate to provide those essential governmental services.

The State Treasurer shall hold the Trust Fund for State Retiree Health Benefits separate and apart from all other moneys, funds, and accounts. The State Treasurer shall be the custodian of the Trust Fund for State Retiree Health Benefits and shall invest its assets in accordance with G.S. 147-69.2 and G.S. 147-69.3. Investment earnings credited to the assets of the Trust Fund for State Retiree Health Benefits shall become part of the Trust Fund for State Retiree Health Benefits. Any balance remaining in the Trust Fund for State Retiree Health Benefits at the end of any fiscal year shall be carried forward in the Trust Fund for State Retiree Health Benefits for the next succeeding fiscal year.

The North Carolina State Lottery Commission shall annually pay to the Trust Fund for State Retiree Health Benefits five percent (5%) of the net revenues of the State Lottery.

1 No funds may be expended from the Trust Fund for State Retiree Health Benefits  
2 before January 1, 2032. After January 1, 2032, only one-half of the annual interest  
3 earned on the Trust Fund during the previous year may be appropriated by the General  
4 Assembly and may be used only to fund the accrued liability for State retiree health  
5 benefits. The corpus of the Trust Fund may be expended only after January 1, 2032, and  
6 only upon a vote of a two-thirds majority of each house of the General Assembly  
7 present and voting and may be used only to fund the accrued liability for State retiree  
8 health benefits.

9 (b) The Director may not use funds in the Trust Fund for State Retiree Health  
10 Benefits unless the use has been approved by an act of the General Assembly."

11 **SECTION 2.** G.S. 18C-164(b) reads as rewritten:

12 "(b) From the Education Lottery Fund, the Commission shall transfer a sum equal  
13 to five percent (5%) of the net revenue of the prior year ~~to the Education Lottery~~  
14 ~~Reserve Fund. A special revenue fund for this purpose shall be established in the State~~  
15 ~~treasury to be known as the Education Lottery Reserve Fund, and that fund shall be~~  
16 ~~eapped at fifty million dollars (\$50,000,000). Monies in the Education Lottery Reserve~~  
17 ~~Fund may be appropriated only as provided in subsection (e) of this section. to the Trust~~  
18 ~~Fund for State Retiree Health Benefits as established by G.S. 143C-9-7."~~

19 **SECTION 3.** Article XIV of the Constitution of North Carolina is amended  
20 by adding a new section to read:

21 **"Sec. 6. Trust Fund for State Retiree Health Benefits.**

22 At least five percent (5%) of the net revenues of any State Lottery shall be deposited  
23 in the Trust Fund for State Retiree Health Benefits. The principal and interest of the  
24 Trust Fund For State Retiree Health Benefits shall not be expended before January 1,  
25 2032. After January 1, 2032, only one-half of the annual interest earned on the Trust  
26 Fund during the previous year may be appropriated by the General Assembly. The  
27 corpus of the Trust Fund may be expended only after January 1, 2032, and only upon a  
28 vote of a two-thirds majority of each house of the General Assembly present and voting.  
29 The principal and interest may be used only to fund the accrued liability for State retiree  
30 health benefits."

31 **SECTION 4.** The amendment set out in Section 3 of this act shall be  
32 submitted to the qualified voters of the State at a general election in November of 2008,  
33 which election shall be conducted under the laws then governing elections in the State.  
34 Ballots, voting systems, or both may be used in accordance with Chapter 163 of the  
35 General Statutes. The question to be used in voting systems and ballots shall be:

36 "[ ] FOR [ ] AGAINST

37 Constitutional amendment providing for the establishment a Trust Fund for State  
38 Retiree Health Benefits."

39 **SECTION 5.** If a majority of the votes cast on the question are in favor of  
40 the amendment set out in Section 3 of this act, the State Board of Elections shall certify  
41 the amendment to the Secretary of State. The amendment becomes effective January 1,  
42 2009. The Secretary of State shall enroll the amendment so certified among the  
43 permanent records of that office.

44 **SECTION 6.** This act is effective when it becomes law.