



MEMORANDUM

TO: Teachers' and State Employees' Retirement System Board of Trustees
Local Governmental Employees' Retirement System Board of Trustees

FROM: Timothy M. Melton, Assistant General Counsel
Taylor Matyi, Policy Development Analyst

DATE: October 24, 2024

RE: Summary of Final Text of Proposed 2024 Administrative Rules

Upon review of the relevant North Carolina General Statutes (G.S.), Department of State Treasurer (DST) staff recommended proposed rule text related to the following topics: Disability Retirement Reexamination Flexibility, Employer Refunds through Credits, and Inactive Employer Extension Requests. The proposed rules were presented to the Boards of the Teachers' and State Employees' Retirement System (TSERS) and Local Governmental Employees' Retirement System (LGERS) during the regular quarterly meeting on April 25, 2024. The TSERS Board unanimously voted to approve the proposed rule text related to 20 NCAC 02B .0216 (Inactive Employer Extension Request), and .0401 (Refunds). The LGERS Board unanimously voted to approve the proposed rule text related to 20 NCAC 02C .0213 (Inactive Employer Extension Request), .0403 (Refunds), and .0505 (Disability Retirement Reexamination). Additionally, the Boards further authorized DST staff to take all additional necessary steps required to complete the permanent rulemaking process in accordance with G.S. § 150B-21.2.

Prior to the regular quarterly meeting on April 25, 2024, the North Carolina Office of State Budget and Management (OSBM) had determined that these proposed rules could have fiscal impact on state or local governments and substantial economic impact pursuant to G.S. § 150B-21.4, therefore fiscal notes were required. Accordingly, DST staff prepared a Regulatory and Fiscal Impact Analysis for each of the three proposed rule topics. For convenience, copies of the impact analyses are included as Appendices 22-24 to the Board materials. On April 9, 2024, OSBM approved the impact analyses regarding 20 NCAC 02B .0216 and 20 NCAC 02C .0213 for publication. On April 15, 2024, OSBM approved the impact analyses regarding 20 NCAC 02B .0401, 20 NCAC 02C .0403, and 20 NCAC 02C .0505 for publication. Additionally, since the impact analyses regarding 20 NCAC 02B .0401 and 20 NCAC 02C .0403 identified rule changes affecting local government funds, notice and a copy of the relevant impact analyses were provided to the North Carolina League of Municipalities, Association of County Commissioners, and the Fiscal Research Division of the General Assembly on May 8, 2024.

Following the regular quarterly meeting on April 25, 2024, DST staff submitted notices of text to North Carolina Office of Administrative Hearings. The proposed rule text was subsequently published in the North Carolina Register (Volume 38, Issue 23) on June 3, 2024, and on DST's N.C. Administrative Code webpage. Notice of rulemaking was also provided to interested persons as required under G.S. § 150B-21.2(d). The NC Register publication started the 60-day public



comment period as well as the 15-day period in which a member of the public can request a public hearing. These periods expired without any hearing requests or public comments having been received.

The next step of the permanent rulemaking process calls for the TSERS and LGERS Boards to approve and officially adopt the final rule text, copies of which are included in the Board materials for this agenda item. If the Boards approves the final rule text, DST staff will submit the final rule text to the Rules Review Commission (RRC) for review at their meeting on December 19, 2024. The deadline for submission to RRC for review at the December meeting is November 20, 2024.

Staff recommends the following Board actions:

TSERS Board

As the rulemaking body, the TSERS Board hereby adopts the final rule text related to 20 NCAC 02B .0216 and .0401, and authorizes DST staff to take all additional necessary steps required to complete the permanent rulemaking process in accordance with G.S. § 150B-21.2.

LGERS Board

As the rulemaking body, the LGERS Board hereby adopts the final rule text related to 20 NCAC 02C .0213, .0403, and .0505, and authorizes DST staff to take all additional necessary steps required to complete the permanent rulemaking process in accordance with G.S. § 150B-21.2.