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LEGISLATIVE Update

March 22, 2013

Governor's Staff Makes Budget Pitch to Legislators

On Wednesday, Gov. Pat McCrory released his first budget and state employees and retirees were recognized with a 1 percent raise. SEANC Executive Director Dana Cope sent [a short summary](#) of McCrory's budget proposal about important provisions concerning members the same day.

SEANC is looking forward to an ongoing dialogue and working with North Carolina's General Assembly leaders as the budget process continues to unfold, particularly to maintain vital public safety functions.

Yesterday at the legislature, the Joint Appropriations Committee received presentation on Gov. McCrory's budget from the governor's budget staff. SEANC lobbyists attended the informational meeting, but the session did not focus on state employees and retirees.

Extension of the Bailey Settlement/Retirement Tax Exemption Moves in Committee

On Thursday the House Government Committee held a hearing on HB 96, the Equal Treatment of Government Retiree Benefits, sponsored by Reps. George Cleveland (R-Onslow) and James Boles (R-Moore).

North Carolina currently exempts tax payments on retirement income from state and other government employees who completed five years of state service and vested in the retirement system by Aug. 12, 1989, to qualify for the tax exemption. This tax exemption was won in a court settlement supported by SEANC and is referred to as the "[Bailey Settlement](#)."

The bill proposes to extend the Bailey Settlement to all state and other government employees by restoring the state income tax exemption on government retirement benefits. Specifically, the HB 96 would eliminate the 1989 vesting requirement and allow for complete tax exemption for state and other pensions regardless of an employee's vesting date. The bill calls for a phase in of a complete tax exemption for retiree income between now and Jan. 1, 2022.

SEANC supports the bill and agrees with a 2011 study, "[Investing in North Carolina's Future](#)," that the extension of the Bailey Settlement would be a catalyst to create jobs and stimulate the state's economy.

At the meeting, SEANC lobbyist Mitch Leonard lauded the Government Committee for hearing the bill and informed lawmakers of SEANC's support. "This is an important first step in the process," Leonard said. "I think it's only fair, and I'm optimistic that we'll see some change."

SEANC has long championed this measure to bring equity to government retirees. The bill now moves to the House Finance Committee for consideration.

The SEANC Legislative Update is published every Friday when the N.C. General Assembly is in session by SEANC's Legislative Affairs Department. For more information, contact Legislative Affairs Director Ardis Watkins at awatkins@seanc.org.