

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

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SENATE BILL 101
House Committee Substitute Favorable 6/24/25

Short Title: Protect Tax-Advantaged Accts. & Living Donors.

(Public)

Sponsors:

Referred to:

February 17, 2025

A BILL TO BE ENTITLED
AN ACT TO INCREASE PROTECTIONS FOR FUNDS HELD IN EDUCATION SAVINGS
AND INVESTMENT ACCOUNTS AND ABLE ACCOUNTS FROM CLAIMS OF
CREDITORS AND OTHER JUDGMENTS, TO PROTECT LIVING ORGAN DONORS
FROM POTENTIAL INSURANCE DISCRIMINATION, AND TO PROVIDE PAID
LEAVE TO STATE EMPLOYEES AND OTHER STATE-SUPPORTED PERSONNEL
WHO SERVE AS LIVING ORGAN DONORS.

The General Assembly of North Carolina enacts:

PART I. PROTECT CERTAIN TAX-ADVANTAGED ACCOUNTS

SECTION 1.(a) Article 16 of Chapter 1C of the General Statutes is amended by adding the following new section to read:

"§ 1C-1601.5. Certain tax-advantaged accounts exempt.

(a) For purposes of this section, the following definitions shall apply:

(1) Qualifying account. – Any of the following:

a. An education savings and investment plan account qualified under section 529 of the Internal Revenue Code.

b. An ABLE account qualified under section 529A of the Internal Revenue Code.

(2) Qualifying purpose. – Any of the following:

a. For education savings and investment plan accounts, any purpose permitted under section 529 of the Internal Revenue Code.

b. For ABLE accounts, any purpose permitted under section 529A of the Internal Revenue Code.

(b) Notwithstanding any other provision of law, including G.S. 1C-1601(e), funds located in a qualifying account or withdrawn from the account and used for a qualifying purpose shall not be subject to liens, attachment, garnishment, levy, seizure, any involuntary sale or assignment by operation or execution of law, or the enforcement of any other judgment or claim to pay any debt or liability of any account owner, beneficiary, or contributor to an account.

(c) Nothing in this section shall be construed to do any of the following:

(1) Prohibit the distribution of funds from an ABLE account following the death of the account owner under G.S. 147-86.73(e) or section 529A of the Internal Revenue Code.

(2) Limit the enforcement of judgments or claims on funds that meet any of the following criteria:

a. Were not used for a qualifying purpose.



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- b. Were deposited into a qualifying account as a result of fraud, intentional wrongdoing, or other violation of law."

SECTION 1.(b) G.S. 1C-1601(a)(10) is repealed.

SECTION 1.(c) This section becomes effective September 1, 2025, and applies to actions filed on or after that date.

PART II. LIVE ORGAN DONOR PROTECTIONS

SECTION 2.(a) G.S. 58-3-25 is amended by adding a new subsection to read:

"(d) No insurer shall refuse to insure or to continue to insure an individual; limit the amount, extent, or kind of coverage available to an individual; charge an individual a different amount for the same coverage; or otherwise discriminate against an individual in the offering, issuance, cancellation, price, or conditions of a policy, or in the amount of coverage provided under a policy, based solely and without any additional actuarial risks on the status of an individual as a living organ donor. This subsection shall apply to health benefit plans and life, accident and health, disability, disability income, and long-term care insurance policies. For the purposes of this subsection, the phrase "a living organ donor" shall mean a living individual who donates one or more of that individual's human organs, including bone marrow, to be medically transplanted into the body of another individual."

SECTION 2.(b) Article 2 of Chapter 126 of the General Statutes is amended by adding a new section to read:

"§ 126-8.7. Paid leave for State employees and State-supported personnel for organ donation.

(a) Full-Time Employees. – The State Human Resources Commission shall adopt rules and policies to provide that a permanent, full-time State employee may take, in addition to any other leave available to the employee, up to (i) 30 days of paid leave for the purposes of serving as a living organ donor and (ii) seven days for serving as a bone marrow donor. The employee must have been continuously employed by the State for at least 12 months immediately preceding the first request for paid organ or bone marrow donation leave.

(b) Part-Time Employees. – The State Human Resources Commission shall adopt rules and policies to provide that a permanent, part-time State employee may take, in addition to any other leave available to the employee, a prorated amount of up to (i) 30 days of paid leave for the purposes of serving as a living organ donor and (ii) seven days for serving as a bone marrow donor. The employee must have been continuously employed by the State for at least 12 months immediately preceding the first request for paid organ or bone marrow donation leave.

(c) Program Requirements. – The paid leave for organ or bone marrow donation authorized by this section:

- (1) Is available without exhaustion of the employee's sick and vacation leave.
- (2) Is in addition to, and not in lieu of, shared leave under G.S. 126-8.3, or other leave authorized by federal or State law.
- (3) May not be used for retirement purposes.
- (4) Has no cash value upon termination from employment.

(d) Applicability. – This section applies to all (i) State employees and (ii) State-supported personnel, with the appropriate governing board adopting rules and policies to provide paid leave for organ donation to its employees as provided by this section.

(e) Reporting. – By April 1, 2026, and then annually thereafter, the State Human Resources Commission, the State Board of Education, the State Board of Community Colleges, and all State agencies, departments, and institutions shall annually report to the Office of State Human Resources on the paid organ donation leave program."

SECTION 2.(c) G.S. 126-5 is amended by adding a new subsection to read:

"(c22) The provisions of G.S. 126-8.7 shall apply to all State employees, public school employees, and community college employees."

1 **SECTION 2.(d)** Subsection (a) of this section is effective 30 days after it becomes
2 law and applies to insurance contracts issued, renewed, or amended on or after that date. The
3 remainder of this section is effective when it becomes law.
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5 **PART III. EFFECTIVE DATE**

6 **SECTION 3.** Except as otherwise provided, this act is effective when it becomes
7 law.