

LEGISLATURE OF NEBRASKA

ONE HUNDRED FIRST LEGISLATURE

FIRST SESSION

LEGISLATIVE BILL 425

Introduced by Pankonin, 2.

Read first time January 20, 2009

Committee: Nebraska Retirement Systems

A BILL

1 FOR AN ACT relating to the Nebraska State Patrol Retirement Act;
2 to amend section 81-2017, Reissue Revised Statutes of
3 Nebraska; to change the mandatory contribution rates;
4 to provide an operative date; to repeal the original
5 section; and to declare an emergency.
6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 81-2017, Reissue Revised Statutes of
2 Nebraska, is amended to read:

3 81-2017 ~~(1)~~ (1)(a) Commencing July 1, 2005, and until
4 July 1, 2009, each officer while in the service of the Nebraska
5 State Patrol shall pay or have paid on his or her behalf a sum
6 equal to thirteen percent of his or her monthly compensation. Such
7 amounts shall be deducted monthly by the Director of Administrative
8 Services who shall draw a warrant monthly in the amount of the
9 total deductions from the compensation of members of the Nebraska
10 State Patrol in accordance with subsection (4) of this section,
11 and the State Treasurer shall credit the amount of such warrant
12 to the State Patrol Retirement Fund. The director shall cause a
13 detailed report of all monthly deductions to be made each month to
14 the board.

15 (b) Commencing July 1, 2009, each officer while in the
16 service of the Nebraska State Patrol shall pay or have paid
17 on his or her behalf a sum equal to xxx percent of his or
18 her monthly compensation. Such amounts shall be deducted monthly
19 by the Director of Administrative Services who shall draw a
20 warrant monthly in the amount of the total deductions from the
21 compensation of members of the Nebraska State Patrol in accordance
22 with subsection (4) of this section, and the State Treasurer shall
23 credit the amount of such warrant to the State Patrol Retirement
24 Fund. The director shall cause a detailed report of all monthly
25 deductions to be made each month to the board.

1 ~~(2)~~ (2) (a) In addition, commencing July 1, 2005,
 2 and until July 1, 2009, there shall be assessed against the
 3 appropriation of the Nebraska State Patrol a sum equal to the
 4 amount of fifteen percent of each officer's monthly compensation
 5 which shall be credited to the State Patrol Retirement Fund.

6 (b) In addition, commencing July 1, 2009, there shall be
 7 assessed against the appropriation of the Nebraska State Patrol a
 8 sum equal to the amount of xxx percent of each officer's monthly
 9 compensation which shall be credited to the State Patrol Retirement
 10 Fund.

11 (3) For the fiscal year beginning on July 1, 2002,
 12 and each fiscal year thereafter, the actuary for the board shall
 13 perform an actuarial valuation of the system using the entry
 14 age actuarial cost method. Under this method, the actuarially
 15 required funding rate is equal to the normal cost rate, plus
 16 the contribution rate necessary to amortize the unfunded actuarial
 17 accrued liability on a level payment basis. The normal cost under
 18 this method shall be determined for each individual member on
 19 a level percentage of salary basis. The normal cost amount is
 20 then summed for all members. Beginning July 1, 2006, any existing
 21 unfunded liabilities shall be reinitialized and amortized over a
 22 thirty-year period, and during each subsequent actuarial valuation,
 23 changes in the funded actuarial accrued liability due to changes
 24 in benefits, actuarial assumptions, the asset valuation method, or
 25 actuarial gains or losses shall be measured and amortized over

1 a thirty-year period beginning on the valuation date of such
2 change. If the unfunded actuarial accrued liability under the
3 entry age actuarial cost method is zero or less than zero on
4 an actuarial valuation date, then all prior unfunded actuarial
5 accrued liabilities shall be considered fully funded and the
6 unfunded actuarial accrued liability shall be reinitialized and
7 amortized over a thirty-year period as of the actuarial valuation
8 date. If the actuarially required contribution rate exceeds the
9 rate of all contributions required pursuant to the Nebraska State
10 Patrol Retirement Act, there shall be a supplemental appropriation
11 sufficient to pay for the differences between the actuarially
12 required contribution rate and the rate of all contributions
13 required pursuant to the Nebraska State Patrol Retirement Act.
14 Such valuation shall be on the basis of actuarial assumptions
15 recommended by the actuary, approved by the board, and kept on file
16 with the board.

17 (4) The state shall pick up the member contributions
18 required by this section for all compensation paid on or after
19 January 1, 1985, and the contributions so picked up shall
20 be treated as employer contributions in determining federal tax
21 treatment under the Internal Revenue Code as defined in section
22 49-801.01, except that the state shall continue to withhold federal
23 income taxes based upon these contributions until the Internal
24 Revenue Service or the federal courts rule that, pursuant to
25 section 414(h) of the code, these contributions shall not be

1 included as gross income of the member until such time as they
2 are distributed or made available. The state shall pay these
3 member contributions from the same source of funds which is used
4 in paying earnings to the member. The state shall pick up these
5 contributions by a compensation deduction through a reduction in
6 the cash compensation of the member. Member contributions picked
7 up shall be treated for all purposes of the Nebraska State Patrol
8 Retirement Act in the same manner and to the extent as member
9 contributions made prior to the date picked up.

10 Sec. 2. This act becomes operative on July 1, 2009.

11 Sec. 3. Original section 81-2017, Reissue Revised
12 Statutes of Nebraska, is repealed.

13 Sec. 4. Since an emergency exists, this act takes effect
14 when passed and approved according to law.