

LEGISLATURE OF NEBRASKA

ONE HUNDRED FIRST LEGISLATURE

FIRST SESSION

LEGISLATIVE BILL 81

Introduced by Nordquist, 7; Heidemann, 1; Mello, 5; Pankonin, 2.

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

14 (2) In addition, commencing July 1, 2005, there shall
15 be assessed against the appropriation of the Nebraska State Patrol
16 a sum equal to the amount of fifteen percent of each officer's
17 monthly compensation which shall be credited to the State Patrol
18 Retirement Fund.

19 (3) For the fiscal year beginning on July 1, 2002,
20 and each fiscal year thereafter, the actuary for the board shall
21 perform an actuarial valuation of the system using the entry
22 age actuarial cost method. Under this method, the actuarially
23 required funding rate is equal to the normal cost rate, plus
24 the contribution rate necessary to amortize the unfunded actuarial
25 accrued liability on a level payment basis. The normal cost under

1 this method shall be determined for each individual member on
2 a level percentage of salary basis. The normal cost amount is
3 then summed for all members. Beginning July 1, 2006, any existing
4 unfunded liabilities shall be reinitialized and amortized over a
5 thirty-year period, and during each subsequent actuarial valuation,
6 changes in the funded actuarial accrued liability due to changes
7 in benefits, actuarial assumptions, the asset valuation method, or
8 actuarial gains or losses shall be measured and amortized over
9 a thirty-year period beginning on the valuation date of such
10 change. If the unfunded actuarial accrued liability under the
11 entry age actuarial cost method is zero or less than zero on
12 an actuarial valuation date, then all prior unfunded actuarial
13 accrued liabilities shall be considered fully funded and the
14 unfunded actuarial accrued liability shall be reinitialized and
15 amortized over a thirty-year period as of the actuarial valuation
16 date. If the actuarially required contribution rate exceeds the
17 rate of all contributions required pursuant to the Nebraska State
18 Patrol Retirement Act, there shall be a supplemental appropriation
19 sufficient to pay for the differences between the actuarially
20 required contribution rate and the rate of all contributions
21 required pursuant to the Nebraska State Patrol Retirement Act.
22 Such valuation shall be on the basis of actuarial assumptions
23 recommended by the actuary, approved by the board, and kept on file
24 with the board.

25 (4) The state shall pick up the member contributions

1 required by this section for all compensation paid on or after
2 January 1, 1985, and the contributions so picked up shall
3 be treated as employer contributions in determining federal tax
4 treatment under the Internal Revenue Code as defined in section
5 49-801.01, except that the state shall continue to withhold federal
6 income taxes based upon these contributions until the Internal
7 Revenue Service or the federal courts rule that, pursuant to
8 section 414(h) of the code, these contributions shall not be
9 included as gross income of the member until such time as they
10 are distributed or made available. The state shall pay these
11 member contributions from the same source of funds which is used
12 in paying earnings to the member. The state shall pick up these
13 contributions by a compensation deduction through a reduction in
14 the cash compensation of the member. Member contributions picked
15 up shall be treated for all purposes of the Nebraska State Patrol
16 Retirement Act in the same manner and to the extent as member
17 contributions made prior to the date picked up.

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

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

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