

LEGISLATURE OF NEBRASKA

ONE HUNDRED FIRST LEGISLATURE

SECOND SESSION

**LEGISLATIVE BILL 928**

Introduced by Nebraska Retirement Systems Committee: Pankonin, 2,  
Chairperson; Heidemann, 1; Karpisek, 32; Louden, 49;  
Mello, 5; Nordquist, 7.

Read first time January 13, 2010

Committee: Nebraska Retirement Systems

A BILL

1 FOR AN ACT relating to the Nebraska State Patrol Retirement Act; to  
2 amend section 81-2017, Revised Statutes Supplement, 2009;  
3 to change the contribution rate as prescribed; to provide  
4 an operative date; to repeal the original section; and to  
5 declare an emergency.  
6 Be it enacted by the people of the State of Nebraska,

1           Section 1. Section 81-2017, Revised Statutes Supplement,  
2 2009, is amended to read:

3           81-2017 (1) Commencing July 1, 2005, and until July 1,  
4 2009, each officer while in the service of the Nebraska State  
5 Patrol shall pay or have paid on his or her behalf a sum equal  
6 to thirteen percent of his or her monthly compensation. Commencing  
7 July 1, 2009, and until July 1, 2010, each officer while in the  
8 service of the Nebraska State Patrol shall pay or have paid on  
9 his or her behalf a sum equal to fifteen percent of his or her  
10 monthly compensation. Commencing July 1, 2010, each officer while  
11 in the service of the Nebraska State Patrol shall pay or have  
12 paid on his or her behalf a sum equal to ~~sixteen~~ XX percent of  
13 his or her monthly compensation. Such amounts shall be deducted  
14 monthly by the Director of Administrative Services who shall draw  
15 a warrant monthly in the amount of the total deductions from the  
16 compensation of members of the Nebraska State Patrol in accordance  
17 with subsection (4) of this section, and the State Treasurer shall  
18 credit the amount of such warrant to the State Patrol Retirement  
19 Fund. The director shall cause a detailed report of all monthly  
20 deductions to be made each month to the board.

21           (2) In addition, commencing July 1, 2005, and until July  
22 1, 2010, there shall be assessed against the appropriation of the  
23 Nebraska State Patrol a sum equal to the amount of fifteen percent  
24 of each officer's monthly compensation which shall be credited to  
25 the State Patrol Retirement Fund. Commencing July 1, 2010, there

1 shall be assessed against the appropriation of the Nebraska State  
2 Patrol a sum equal to the amount of sixteen percent of each  
3 officer's monthly compensation which shall be credited to the State  
4 Patrol Retirement Fund.

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

1 amortized over a thirty-year period as of the actuarial valuation  
2 date. If the actuarially required contribution rate exceeds the  
3 rate of all contributions required pursuant to the Nebraska State  
4 Patrol Retirement Act, there shall be a supplemental appropriation  
5 sufficient to pay for the differences between the actuarially  
6 required contribution rate and the rate of all contributions  
7 required pursuant to the Nebraska State Patrol Retirement Act.  
8 Such valuation shall be on the basis of actuarial assumptions  
9 recommended by the actuary, approved by the board, and kept on file  
10 with the board.

11 (4) The state shall pick up the member contributions  
12 required by this section for all compensation paid on or after  
13 January 1, 1985, and the contributions so picked up shall  
14 be treated as employer contributions in determining federal tax  
15 treatment under the Internal Revenue Code as defined in section  
16 49-801.01, except that the state shall continue to withhold federal  
17 income taxes based upon these contributions until the Internal  
18 Revenue Service or the federal courts rule that, pursuant to  
19 section 414(h) of the code, these contributions shall not be  
20 included as gross income of the member until such time as they  
21 are distributed or made available. The state shall pay these  
22 member contributions from the same source of funds which is used  
23 in paying earnings to the member. The state shall pick up these  
24 contributions by a compensation deduction through a reduction in  
25 the cash compensation of the member. Member contributions picked

1 up shall be treated for all purposes of the Nebraska State Patrol  
2 Retirement Act in the same manner and to the extent as member  
3 contributions made prior to the date picked up.

4           Sec. 2. This act becomes operative on July 1, 2010.

5           Sec. 3. Original section 81-2017, Revised Statutes  
6 Supplement, 2009, is repealed.

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