

LEGISLATURE OF NEBRASKA

ONE HUNDRED SECOND LEGISLATURE

SECOND SESSION

LEGISLATIVE BILL 1022

Introduced by Nordquist, 7; Flood, 19; Heidemann, 1.

Read first time January 17, 2012

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, 2011;
3 to change officer and employer contribution rates as
4 prescribed; 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 2011, is amended to read:

3 81-2017 (1) Commencing July 1, 2010, and until July 1,
4 2011, each officer while in the service of the Nebraska State Patrol
5 shall pay or have paid on his or her behalf a sum equal to sixteen
6 percent of his or her monthly compensation. Commencing July 1, 2011,
7 and until July 1, ~~2013, 2012,~~ each officer while in the service of
8 the Nebraska State Patrol shall pay or have paid on his or her behalf
9 a sum equal to nineteen percent of his or her monthly compensation.
10 Commencing July 1, 2012, and until July 1, 2013, each officer while
11 in the service of the Nebraska State Patrol shall pay or have paid on
12 his or her behalf a sum equal to XX percent of his or her monthly
13 compensation. Commencing July 1, 2013, each officer while in the
14 service of the Nebraska State Patrol shall pay or have paid on his or
15 her behalf a sum equal to ~~sixteen-XX~~ percent of his or her monthly
16 compensation. Such amounts shall be deducted monthly by the Director
17 of Administrative Services who shall draw a warrant monthly in the
18 amount of the total deductions from the compensation of members of
19 the Nebraska State Patrol in accordance with subsection (4) of this
20 section, and the State Treasurer shall credit the amount of such
21 warrant to the State Patrol Retirement Fund. The director shall cause
22 a detailed report of all monthly deductions to be made each month to
23 the board.

24 (2) In addition, commencing July 1, 2010, and until July
25 1, 2011, there shall be assessed against the appropriation of the

1 Nebraska State Patrol a sum equal to the amount of sixteen percent of
2 each officer's monthly compensation which shall be credited to the
3 State Patrol Retirement Fund. Commencing July 1, 2011, and until July
4 1, 2013, ~~2012,~~ there shall be assessed against the appropriation of
5 the Nebraska State Patrol a sum equal to the amount of nineteen
6 percent of each officer's monthly compensation which shall be
7 credited to the State Patrol Retirement Fund. Commencing July 1,
8 2012, and until July 1, 2013, there shall be assessed against the
9 appropriation of the Nebraska State Patrol a sum equal to the amount
10 of XX percent of each officer's monthly compensation which shall be
11 credited to the State Patrol Retirement Fund. Commencing July 1,
12 2013, there shall be assessed against the appropriation of the
13 Nebraska State Patrol a sum equal to the amount of ~~sixteen~~ XX percent
14 of each officer's monthly compensation which shall be credited to the
15 State Patrol Retirement Fund.

16 (3) For the fiscal year beginning on July 1, 2002, and
17 each fiscal year thereafter, the actuary for the board shall perform
18 an actuarial valuation of the system using the entry age actuarial
19 cost method. Under this method, the actuarially required funding rate
20 is equal to the normal cost rate, plus the contribution rate
21 necessary to amortize the unfunded actuarial accrued liability on a
22 level payment basis. The normal cost under this method shall be
23 determined for each individual member on a level percentage of salary
24 basis. The normal cost amount is then summed for all members.
25 Beginning July 1, 2006, any existing unfunded liabilities shall be

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

20 (4) The state shall pick up the member contributions
21 required by this section for all compensation paid on or after
22 January 1, 1985, and the contributions so picked up shall be treated
23 as employer contributions in determining federal tax treatment under
24 the Internal Revenue Code as defined in section 49-801.01, except
25 that the state shall continue to withhold federal income taxes based

1 upon these contributions until the Internal Revenue Service or the
2 federal courts rule that, pursuant to section 414(h) of the code,
3 these contributions shall not be included as gross income of the
4 member until such time as they are distributed or made available. The
5 state shall pay these member contributions from the same source of
6 funds which is used in paying earnings to the member. The state shall
7 pick up these contributions by a compensation deduction through a
8 reduction in the cash compensation of the member. Member
9 contributions picked up shall be treated for all purposes of the
10 Nebraska State Patrol Retirement Act in the same manner and to the
11 extent as member contributions made prior to the date picked up.

12 Sec. 2. Original section 81-2017, Revised Statutes
13 Supplement, 2011, is repealed.

14 Sec. 3. Since an emergency exists, this act takes effect
15 when passed and approved according to law.