

LEGISLATURE OF NEBRASKA
ONE HUNDRED SEVENTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 16

Introduced by Kolterman, 24.

Read first time January 07, 2021

Committee: Nebraska Retirement Systems

- 1 A BILL FOR AN ACT relating to the Judges Retirement Act; to amend section
- 2 24-703, Reissue Revised Statutes of Nebraska; to provide for state
- 3 contributions to the Nebraska Retirement Fund for Judges as
- 4 prescribed; to harmonize provisions; to repeal the original section;
- 5 and to declare an emergency.
- 6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 24-703, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 24-703 (1) Each original member shall contribute monthly four
4 percent of his or her monthly compensation to the fund until the maximum
5 benefit as limited in subsection (1) of section 24-710 has been earned.
6 It shall be the duty of the Director of Administrative Services in
7 accordance with subsection (11) ~~(10)~~ of this section to make a deduction
8 of four percent on the monthly payroll of each original member who is a
9 judge of the Supreme Court, a judge of the Court of Appeals, a judge of
10 the district court, a judge of a separate juvenile court, a judge of the
11 county court, a clerk magistrate of the county court who was an associate
12 county judge and a member of the fund at the time of his or her
13 appointment as a clerk magistrate, or a judge of the Nebraska Workers'
14 Compensation Court showing the amount to be deducted and its credit to
15 the fund. The Director of Administrative Services and the State Treasurer
16 shall credit the four percent as shown on the payroll and the amounts
17 received from the various counties to the fund and remit the same to the
18 director in charge of the judges retirement system who shall keep an
19 accurate record of the contributions of each judge.

20 (2)(a) In addition to the contribution required under subdivision
21 (c) of this subsection, beginning on July 1, 2004, each future member who
22 became a member prior to July 1, 2015, and who has not elected to make
23 contributions and receive benefits as provided in section 24-703.03 shall
24 contribute monthly six percent of his or her monthly compensation to the
25 fund until the maximum benefit as limited in subsection (2) of section
26 24-710 has been earned. After the maximum benefit as limited in
27 subsection (2) of section 24-710 has been earned, such future member
28 shall make no further contributions to the fund, except that (i) any time
29 the maximum benefit is changed, a future member who has previously earned
30 the maximum benefit as it existed prior to the change shall contribute
31 monthly six percent of his or her monthly compensation to the fund until

1 the maximum benefit as changed and as limited in subsection (2) of
2 section 24-710 has been earned and (ii) such future member shall continue
3 to make the contribution required under subdivision (c) of this
4 subsection.

5 (b) In addition to the contribution required under subdivision (c)
6 of this subsection, beginning on July 1, 2004, a judge who became a
7 member prior to July 1, 2015, and who first serves as a judge on or after
8 July 1, 2004, or a future member who became a member prior to July 1,
9 2015, and who elects to make contributions and receive benefits as
10 provided in section 24-703.03 shall contribute monthly eight percent of
11 his or her monthly compensation to the fund until the maximum benefit as
12 limited by subsection (2) of section 24-710 has been earned. In addition
13 to the contribution required under subdivision (c) of this subsection,
14 after the maximum benefit as limited in subsection (2) of section 24-710
15 has been earned, such judge or future member shall contribute monthly
16 four percent of his or her monthly compensation to the fund for the
17 remainder of his or her active service.

18 (c) Beginning on July 1, 2009, a member or judge described in
19 subdivisions (a) and (b) of this subsection shall contribute monthly an
20 additional one percent of his or her monthly compensation to the fund.

21 (d) Beginning on July 1, 2015, a judge who first serves as a judge
22 on or after such date shall contribute monthly ten percent of his or her
23 monthly compensation to the fund.

24 (e) It shall be the duty of the Director of Administrative Services
25 to make a deduction on the monthly payroll of each such future member who
26 is a judge of the Supreme Court, a judge of the Court of Appeals, a judge
27 of the district court, a judge of a separate juvenile court, a judge of
28 the county court, a clerk magistrate of the county court who was an
29 associate county judge and a member of the fund at the time of his or her
30 appointment as a clerk magistrate, or a judge of the Nebraska Workers'
31 Compensation Court showing the amount to be deducted and its credit to

1 the fund. This shall be done each month. The Director of Administrative
2 Services and the State Treasurer shall credit the amount as shown on the
3 payroll and the amounts received from the various counties to the fund
4 and remit the same to the director in charge of the judges retirement
5 system who shall keep an accurate record of the contributions of each
6 judge.

7 (3) Except as otherwise provided in this subsection, a Nebraska
8 Retirement Fund for Judges fee of six dollars shall be taxed as costs in
9 each (a) civil cause of action, criminal cause of action, traffic
10 misdemeanor or infraction, and city or village ordinance violation filed
11 in the district courts, the county courts, and the separate juvenile
12 courts, (b) filing in the district court of an order, award, or judgment
13 of the Nebraska Workers' Compensation Court or any judge thereof pursuant
14 to section 48-188, (c) appeal or other proceeding filed in the Court of
15 Appeals, and (d) original action, appeal, or other proceeding filed in
16 the Supreme Court. In county courts a sum shall be charged which is equal
17 to ten percent of each fee provided by sections 33-125, 33-126.02,
18 33-126.03, and 33-126.06, rounded to the nearest even dollar. No judges
19 retirement fee shall be charged for filing a report pursuant to sections
20 33-126.02 and 33-126.06. When collected by the clerk of the district or
21 county court, such fees shall be paid and information submitted to the
22 director in charge of the judges retirement system on forms prescribed by
23 the board by the clerk within ten days after the close of each calendar
24 quarter. The board may charge a late administrative processing fee not to
25 exceed twenty-five dollars if the information is not timely received or
26 the money is delinquent. In addition, the board may charge a late fee of
27 thirty-eight thousandths of one percent of the amount required to be
28 submitted pursuant to this section for each day such amount has not been
29 received. Such director shall promptly thereafter remit the same to the
30 State Treasurer for credit to the fund. No Nebraska Retirement Fund for
31 Judges fee which is uncollectible for any reason shall be waived by a

1 county judge as provided in section 29-2709.

2 (4) All expenditures from the fund shall be authorized by voucher in
3 the manner prescribed in section 24-713. The fund shall be used for the
4 payment of all annuities and other benefits and for the expenses of
5 administration.

6 (5) The fund shall consist of the total fund as of December 25,
7 1969, the contributions of members as provided in this section, all
8 supplementary court fees as provided in subsection (3) of this section,
9 and any required contributions of the state.

10 (6) Not later than January 1 of each year, the State Treasurer shall
11 transfer to the fund the amount certified by the board as being necessary
12 to pay the cost of any benefits accrued during the fiscal year ending the
13 previous June 30 in excess of member contributions for that fiscal year
14 and court fees as provided in subsection (3) of this section and fees
15 pursuant to sections 25-2804, 33-103, 33-103.01, 33-106, 33-106.02,
16 33-123, 33-125, 33-126.02, 33-126.03, and 33-126.06 and directed to be
17 remitted to the fund, if any, for that fiscal year plus any required
18 contributions of the state as provided in subsection (9) of this section.

19 (7) Benefits under the retirement system to members or to their
20 beneficiaries shall be paid from the fund.

21 (8) Any member who is making contributions to the fund on December
22 25, 1969, may, on or before June 30, 1970, elect to become a future
23 member by delivering written notice of such election to the board.

24 (9) Not later than January 1 of each year, the State Treasurer shall
25 transfer to the fund an amount, determined on the basis of an actuarial
26 valuation as of the previous June 30 and certified by the board, to fully
27 fund the unfunded accrued liabilities of the retirement system as of June
28 30, 1988, by level payments up to January 1, 2000. Such valuation shall
29 be on the basis of actuarial assumptions recommended by the actuary,
30 approved by the board, and kept on file with the board. For the fiscal
31 year beginning July 1, 2013, and each fiscal year thereafter, the actuary

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

25 (10) In addition to the contributions otherwise required by this
26 section, the state shall deposit in the Nebraska Retirement Fund for
27 Judges:

28 (a) An amount equal to four percent of the compensation of all
29 members of the retirement system for each fiscal year beginning July 1,
30 2021, through June 30, 2023; and

31 (b) An amount equal to six percent of the compensation of all

1 members of the retirement system for each fiscal year beginning July 1,
2 2023, and each fiscal year thereafter.

3 (11) ~~(10)~~ The state or county shall pick up the member contributions
4 required by this section for all compensation paid on or after January 1,
5 1985, and the contributions so picked up shall be treated as employer
6 contributions pursuant to section 414(h)(2) of the Internal Revenue Code
7 in determining federal tax treatment under the code and shall not be
8 included as gross income of the member until such time as they are
9 distributed or made available. The contributions, although designated as
10 member contributions, shall be paid by the state or county in lieu of
11 member contributions. The state or county shall pay these member
12 contributions from the same source of funds which is used in paying
13 earnings to the member. The state or county shall pick up these
14 contributions by a compensation deduction through a reduction in the
15 compensation of the member. Member contributions picked up shall be
16 treated for all purposes of the Judges Retirement Act in the same manner
17 and to the extent as member contributions made prior to the date picked
18 up.

19 Sec. 2. Original section 24-703, Reissue Revised Statutes of
20 Nebraska, is repealed.

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