

Revised to reflect AM3413

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2024-25		FY 2025-26	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

AM3413 amends the participating firefighter retirement contribution rates §16-1024 as follows:

- Until September 30, 2024, 6.5% of their salary
- Beginning October 1, 2024, & until September 30, 2025, 8.7% of their salary
- Beginning October 1, 2025, & until September 30, 2026, 10.7% of their salary
- Beginning October 1, 2026, 12.7% of their salary

§16-1025 is amended for first class cities with firefighters participating in a retirement system will contribute to the retirement system a sum equal to:

- Until September 30, 2025, 13% of each such participating firefighter's periodic salary
- Beginning October 1, 2025, & until September 30, 2026, 14% of each participating firefighter's periodic salary
- Beginning October 1, 2026, 15% of each participating firefighter's periodic salary

Beginning July 20, 2024, each firefighter covered by an absolute coverage group & participating in the retirement system will receive an offset from their retirement system contribution equal to 6.2% of their salary.

§16-1030 is amended to include that in the event the surviving spouse remarries & there are no minor children at the time of remarriage, & the aggregate amount of pension payments received by the firefighter & their survivor beneficiaries, if any, is less than the total amount in the firefighter's employee account at the time of remarriage, the difference between the total amount in the employee account & the aggregate amount of pension payments received by the retired firefighter & their surviving beneficiaries, if any, will be paid in a single sum to the surviving spouse who remarried.

§16-1030 is amended to include retirement committees of two or more cities of the first class may, by written agreement & approval by the retirement committee of each city of the first class, agree to pool investments & administration of plan benefits with a single administrative & investment agent. That agreement will be made using an interlocal agreement that expressly states that the city will not be liable for ongoing management of pooled investments or any liability relating to the management. City general funds, forfeiture funds held by the city, & funds held for an account of any firefighter employed by the city on January 1, 1984, will not be eligible for use for that pooling agreement or the operation of that pooling agreement.

LB686 amends §16-1020 to adopt the Cities of the First-Class Firefighters Cash Balance Retirement Act & create The Cities of the First-Class Firefighters Cash Balance Retirement Contributions Fund.

A retirement system will be established to include each city of the first class that employs permanent full-time firefighters for the purpose of providing a retirement annuity or other benefits for employees as provided by the Cities of the First-Class Firefighters Cash Balance Retirement Act. The retirement system will be known as the Cash Balance Retirement System for Firefighters in Cities of the First Class, & by that name will transact all business & hold all cash & other property as provided in the Cities of the First-Class Firefighters Cash Balance Retirement Act.

The fund will be administered by each first-class city's own Cities of the First-Class Firefighters Cash Balance Retirement Board & consist of money received from payroll deductions. Money in the fund will be used exclusively to provide death & disability benefits for employees & their beneficiaries specified. The board will deposit the payroll deductions received from employers into the fund.

Prior to April 1, 2024, each employer will submit to their own Cities of the First-Class Firefighters Cash Balance Retirement Board a list of all employees who are eligible for participation in the retirement system. That list will include the name, address, & gross monthly wage of each employee.

Each member who is an employee hired prior to November 1, 2024, & participates in a retirement system will make a one-time election beginning July 1, 2024, through October 31, 2024, either to continue participating in the retirement system or elect to participate in the cash balance benefit.

Each member who is an employee hired November 1, 2024, through December 31, 2024, & participates in a retirement system will make a one-time election prior to January 1, 2025, either to continue participating in that retirement system or elect to participate in the cash balance benefit.

On or prior to January 1, 2025, each city will transfer to their own Cities of the First-Class Firefighters Cash Balance Retirement Board for each employee who elected to participate in the cash balance benefit an amount not to exceed the employee & employer accounts of each employee plus earnings during the period of participation in a retirement system established. Each employee will receive vesting credit for that employee's years of service in a retirement system.

The Auditor of Public Accounts (APA) will audit the retirement system annually & provide an annual report to their own Cities of the First-Class Firefighters Cash Balance Retirement Board & to the Clerk of the Legislature of the condition of the retirement system. The report submitted to the Clerk of the Legislature will be submitted electronically. Each member of the Legislature will receive an electronic copy of the report by making a request for the report to either the Auditor of Public Accounts or their own Cities of the First-Class Firefighters Cash Balance Retirement Board.

EXPENDITURES:

Cities of the first-class could incur expenses for an actuarial analysis & any extra contributions that are required by LB686.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 686	AM: 3413	AGENCY/POLT. SUB: Nebraska Public Employees Retirement Systems (NPERS)
REVIEWED BY: Ryan Walton	DATE: 4/9/2024	PHONE: (402) 471-4174
COMMENTS: The NPERS' assessment of no fiscal impact to agency operations from LB 686, as amended by AM3413, appears reasonable.		

Please complete ALL (5) blanks in the first three lines.

2024

LB⁽¹⁾ 686 AM3413

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Public Employees Retirement Systems (NPERS)-085

Prepared by: ⁽³⁾ Teresa Zulauf Date Prepared: ⁽⁴⁾ 4/9/2024 Phone: ⁽⁵⁾ 402-471-7745

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

Explanation of Estimate:

LB 686 creates a Board called the Cities of the First Class Firefighters Cash Balance Retirement Board to oversee this Cash Balance plan.

No fiscal impact to NPERS Agency 085 operations expenditures.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

Please complete ALL (5) blanks in the first three lines.

2024

LB⁽¹⁾ 686 AM3413

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Auditor of Public Accounts

Prepared by: ⁽³⁾ Craig Kubicek Date Prepared: ⁽⁴⁾ 3/21/2024 Phone: ⁽⁵⁾ 402-326-3063

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$0	\$0	\$0	\$0
CASH FUNDS	\$0	\$0	\$0	\$0
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$0	\$0	\$0	\$0

Explanation of Estimate:

LB686 allows the APA to audit the plan if warranted. If an audit is deemed necessary, the APA would only bill actual audit hour costs to the plan at that time.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Audit Manager and AIC				
Auditor				
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

Please complete ALL (5) blanks in the first three lines.

2024

LB⁽¹⁾ 686 AM3413

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ City of Norfolk

Prepared by: ⁽³⁾ Randy Gates Date Prepared: ⁽⁴⁾ April 9, 2024 Phone: ⁽⁵⁾ (402)844-2011

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2024-25</u>		<u>FY 2025-26</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	\$31,807.93	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	<u>_____</u>	<u>_____</u>	<u>\$31,807.93</u>	<u>_____</u>

Explanation of Estimate:

Attached is a spreadsheet showing our calculations arriving at the \$31,807.93 cost to the City for our FYE 9-30-26. This includes both the impact of expanding covered salary from base pay to total pay, as well as the increase in City contributions from 13% to 14% of pay.

This spreadsheet also includes the calculation of the \$32,680.26 of additional cost for FYE 9-30-27 when City contributions increase from 14% to 15% of pay. This is in addition to the \$31,807.93 of costs for the first 1% increase in contribution rate, for a total **FYE 9-30-27 cost of \$64,488.19 which is the ongoing annual cost** for the City.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2024-25</u>	<u>2025-26</u>
	<u>24-25</u>	<u>25-26</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	\$31,807.93
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	<u>\$31,807.93</u>