

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
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FLOOR DEBATE

February 3, 2005 LB 329

Mr. Clerk, LB 329.

ASSISTANT CLERK: LB 329, introduced by Senator Stuhr. (Read title.) The bill was read for the first time on January 11, referred to the Retirement Systems Committee. That committee reports the bill to General File, no committee amendments.

SENATOR CUDABACK: Thank you, Mr. Clerk. Senator Stuhr, to open.

SENATOR STUHR: Thank you, Mr. President and members of the Legislature. Currently, at least 16 school districts in the state of Nebraska provide payments to their employees in order to induce them to take early retirement. Such payments or inducements are deposited in qualified retirement accounts, and may be paid to the retiree during retirement in the form of annuity payments. LB 329 intends to codify this current practice into state law. But it also seeks to limit such inducement payments from being counted as compensation towards the calculation of retirement benefits. There was a concern about a possible loophole in the law, and it was felt that clarification such as we're providing in this statute was needed. LB 329 would permit a school board or board of education to make contributions for the purposes of separate payments made at retirement and for early retirement inducements. Such contributions would be picked up under Section 414(h) of the Internal Revenue Code, and would be deposited into qualified plans permitted under Sections 401(a) or 403(a) of the Internal Revenue Code. In addition, LB 329 would make changes to the definition of compensation found in Nebraska Revised Statutes 79-902, to provide that the employer contributions made for the purposes of separate payments at retirement and early retirement inducements are not defined as compensation for the purposes of the calculation of retirement benefits. Last session, the Retirement Committee heard this issue in LB 1080, and it was evident that more work was needed on the issue. LR 256 was introduced, and we continued reviewing appropriate language during the interim session. We worked with the concerned parties involved in order to put forth language that was agreeable and consistent with the current practices in place. And it should be noted that there were no opponents to