

LEGISLATURE OF NEBRASKA
ONE HUNDREDTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 324

Introduced by Speaker Flood, 19; at the request of the Governor;

Read first time January 11, 2007

Committee: Nebraska Retirement Systems

A BILL

1 FOR AN ACT relating to the Nebraska State Patrol; to amend section
2 81-2017, Revised Statutes Cumulative Supplement, 2006; to
3 change and eliminate provisions relating to retirement
4 system contributions; to repeal the original section; and
5 to declare an emergency.
6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 81-2017, Revised Statutes Cumulative
2 Supplement, 2006, is amended to read:

3 81-2017 (1) ~~Prior to July 1, 1995, each officer while~~
4 ~~in the service of the Nebraska State Patrol shall pay or have~~
5 ~~paid on his or her behalf a sum equal to eight percent of his~~
6 ~~or her monthly compensation. Commencing July 1, 1995, and through~~
7 ~~June 30, 1996, each officer while in the service of the Nebraska~~
8 ~~State Patrol shall pay or have paid on his or her behalf a sum~~
9 ~~equal to ten percent of his or her monthly compensation. Commencing~~
10 ~~July 1, 1996, and through June 30, 2004, each officer while in~~
11 ~~the service of the Nebraska State Patrol shall pay or have paid~~
12 ~~on his or her behalf a sum equal to eleven percent of his or her~~
13 ~~monthly compensation. Commencing July 1, 2004, and through June~~
14 ~~30, 2005, each officer while in the service of the Nebraska State~~
15 ~~Patrol shall pay or have paid on his or her behalf a sum equal~~
16 ~~to twelve percent of his or her monthly compensation. Commencing~~
17 ~~July 1, 2005, and through June 30, 2007, each officer while in~~
18 ~~the service of the Nebraska State Patrol shall pay or have paid~~
19 ~~on his or her behalf a sum equal to thirteen percent of his or~~
20 ~~her monthly compensation. Commencing July 1, 2007, each officer~~
21 ~~while in the service of the Nebraska State Patrol shall pay or~~
22 ~~have paid on his or her behalf a sum equal to twelve percent of~~
23 ~~his or her monthly compensation. Such amounts shall be deducted~~
24 ~~monthly by the Director of Administrative Services who shall draw~~
25 ~~a warrant monthly in the amount of the total deductions from the~~

1 compensation of members of the Nebraska State Patrol in accordance
2 with subsection (4) of this section, and the State Treasurer shall
3 credit the amount of such warrant to the State Patrol Retirement
4 Fund. The director shall cause a detailed report of all monthly
5 deductions to be made each month to the board.

6 (2) In addition, ~~through June 30, 2004,~~ there shall be
7 transferred from the General Fund monthly by the State Treasurer
8 a sum equal to the amount of such compensation deductions each
9 month which shall be credited to the State Patrol Retirement Fund.
10 ~~Commencing July 1, 2004,~~ and ~~through June 30, 2005,~~ there shall be
11 transferred from the General Fund monthly by the State Treasurer a
12 sum equal to the amount of twelve percent of each officer's monthly
13 compensation which shall be credited to the State Patrol Retirement
14 Fund. ~~Commencing~~ commencing July 1, 2005, and ~~through June 30,~~
15 ~~2007,~~ there shall be assessed against the appropriation of the
16 Nebraska State Patrol a sum equal to the amount of fifteen percent
17 of each officer's monthly compensation which shall be credited to
18 the State Patrol Retirement Fund. ~~Commencing July 1, 2007,~~ there
19 shall be assessed against the appropriation of the Nebraska State
20 Patrol a sum equal to the amount of thirteen percent of each
21 officer's monthly compensation which shall be credited to the State
22 Patrol Retirement Fund. The fund shall further be supplemented
23 annually by an appropriation in such amount, if any, as may be
24 determined on the basis of an actuarial valuation prepared by a
25 member of the American Academy of Actuaries to be sufficient to

1 ~~fully fund the unfunded accrued liability of the system as of June~~
2 ~~30, 1988, by January 1, 2005.~~

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

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

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

1 member contributions from the same source of funds which is used
2 in paying earnings to the member. The state shall pick up these
3 contributions by a compensation deduction through a reduction in
4 the cash compensation of the member. Member contributions picked
5 up shall be treated for all purposes of the Nebraska State Patrol
6 Retirement Act in the same manner and to the extent as member
7 contributions made prior to the date picked up.

8 Sec. 2. Original section 81-2017, Revised Statutes
9 Cumulative Supplement, 2006, is repealed.

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