

LEGISLATURE OF NEBRASKA

ONE HUNDRED FIRST LEGISLATURE

SECOND SESSION

LEGISLATIVE BILL 928

Introduced by Nebraska Retirement Systems Committee: Pankonin, 2,
Chairperson; Heidemann, 1; Karpisek, 32; Louden, 49;
Mello, 5; Nordquist, 7.

Read first time January 13, 2010

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, 2009;
3 to change the contribution rate as prescribed; to provide
4 an operative date; 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 2009, is amended to read:

3 81-2017 (1) Commencing July 1, 2005, and until July 1,
4 2009, each officer while in the service of the Nebraska State
5 Patrol shall pay or have paid on his or her behalf a sum equal
6 to thirteen percent of his or her monthly compensation. Commencing
7 July 1, 2009, and until July 1, 2010, each officer while in the
8 service of the Nebraska State Patrol shall pay or have paid on
9 his or her behalf a sum equal to fifteen percent of his or her
10 monthly compensation. Commencing July 1, 2010, each officer while
11 in the service of the Nebraska State Patrol shall pay or have
12 paid on his or her behalf a sum equal to ~~sixteen~~ XX percent of
13 his or her monthly compensation. Such amounts shall be deducted
14 monthly by the Director of Administrative Services who shall draw
15 a warrant monthly in the amount of the total deductions from the
16 compensation of members of the Nebraska State Patrol in accordance
17 with subsection (4) of this section, and the State Treasurer shall
18 credit the amount of such warrant to the State Patrol Retirement
19 Fund. The director shall cause a detailed report of all monthly
20 deductions to be made each month to the board.

21 (2) In addition, commencing July 1, 2005, and until July
22 1, 2010, there shall be assessed against the appropriation of the
23 Nebraska State Patrol a sum equal to the amount of fifteen percent
24 of each officer's monthly compensation which shall be credited to
25 the State Patrol Retirement Fund. Commencing July 1, 2010, there

1 shall be assessed against the appropriation of the Nebraska State
2 Patrol a sum equal to the amount of sixteen percent of each
3 officer's monthly compensation which shall be credited to the State
4 Patrol Retirement Fund.

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

1 amortized over a thirty-year period as of the actuarial valuation
2 date. If the actuarially required contribution rate exceeds the
3 rate of all contributions required pursuant to the Nebraska State
4 Patrol Retirement Act, there shall be a supplemental appropriation
5 sufficient to pay for the differences between the actuarially
6 required contribution rate and the rate of all contributions
7 required pursuant to the Nebraska State Patrol Retirement Act.
8 Such valuation shall be on the basis of actuarial assumptions
9 recommended by the actuary, approved by the board, and kept on file
10 with the board.

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

1 up shall be treated for all purposes of the Nebraska State Patrol
2 Retirement Act in the same manner and to the extent as member
3 contributions made prior to the date picked up.

4 Sec. 2. This act becomes operative on July 1, 2010.

5 Sec. 3. Original section 81-2017, Revised Statutes
6 Supplement, 2009, is repealed.

7 Sec. 4. Since an emergency exists, this act takes effect
8 when passed and approved according to law.