

E AND R AMENDMENTS TO LB 306

Introduced by Murante, 49, Chairman Enrollment and Review

1 1. Strike the original sections and all amendments
2 thereto and insert the following new sections:

3 Section 1. Section 24-703, Revised Statutes Cumulative
4 Supplement, 2012, is amended to read:

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

1 (2) (a) In addition to the contribution required under
2 subdivision (c) of this subsection, beginning on July 1, 2004, each
3 future member who has not elected to make contributions and receive
4 benefits as provided in section 24-703.03 shall contribute monthly
5 six percent of his or her monthly compensation to the fund until
6 the maximum benefit as limited in subsection (2) of section 24-710
7 has been earned. After the maximum benefit as limited in subsection
8 (2) of section 24-710 has been earned, such future member shall
9 make no further contributions to the fund, except that (i) any time
10 the maximum benefit is changed, a future member who has previously
11 earned the maximum benefit as it existed prior to the change shall
12 contribute monthly six percent of his or her monthly compensation
13 to the fund until the maximum benefit as changed and as limited
14 in subsection (2) of section 24-710 has been earned and (ii) such
15 future member shall continue to make the contribution required
16 under subdivision (c) of this subsection.

17 (b) In addition to the contribution required under
18 subdivision (c) of this subsection, beginning on July 1, 2004,
19 a judge who first serves as a judge on or after such date or a
20 future member who elects to make contributions and receive benefits
21 as provided in section 24-703.03 shall contribute monthly eight
22 percent of his or her monthly compensation to the fund until the
23 maximum benefit as limited by subsection (2) of section 24-710
24 has been earned. In addition to the contribution required under
25 subdivision (c) of this subsection, after the maximum benefit as
26 limited in subsection (2) of section 24-710 has been earned, such
27 judge or future member shall contribute monthly four percent of his

1 or her monthly compensation to the fund for the remainder of his or
2 her active service.

3 (c) Beginning on July 1, 2009, ~~and until July 1, 2014,~~
4 a member or judge described in subdivisions (a) and (b) of this
5 subsection shall contribute monthly an additional one percent of
6 his or her monthly compensation to the fund.

7 (d) It shall be the duty of the Director of
8 Administrative Services to make a deduction on the monthly payroll
9 of each such future member who is a judge of the Supreme Court,
10 a judge of the Court of Appeals, a judge of the district court,
11 a judge of a separate juvenile court, a judge of the county
12 court, a clerk magistrate of the county court who was an associate
13 county judge and a member of the fund at the time of his or her
14 appointment as a clerk magistrate, or a judge of the Nebraska
15 Workers' Compensation Court showing the amount to be deducted and
16 its credit to the fund. This shall be done each month. The Director
17 of Administrative Services and the State Treasurer shall credit the
18 amount as shown on the payroll and the amounts received from the
19 various counties to the fund and remit the same to the director in
20 charge of the judges retirement system who shall keep an accurate
21 record of the contributions of each judge.

22 (3) Except as otherwise provided in this subsection, a
23 Nebraska Retirement Fund for Judges fee of ~~five~~ six dollars shall
24 be taxed as costs in each (a) civil cause of action, criminal
25 cause of action, traffic misdemeanor or infraction, and city or
26 village ordinance violation filed in the district courts, the
27 county courts, and the separate juvenile courts, (b) filing in the

1 district court of an order, award, or judgment of the Nebraska
2 Workers' Compensation Court or any judge thereof pursuant to
3 section 48-188, (c) appeal or other proceeding filed in the Court
4 of Appeals, and (d) original action, appeal, or other proceeding
5 filed in the Supreme Court. ~~Beginning on July 1, 2009, and until~~
6 ~~July 1, 2014, such fee shall be six dollars.~~ In county courts a sum
7 shall be charged which is equal to ten percent of each fee provided
8 by sections 33-125, 33-126.02, 33-126.03, and 33-126.06, rounded to
9 the nearest even dollar. No judges retirement fee shall be charged
10 for filing a report pursuant to sections 33-126.02 and 33-126.06.
11 When collected by the clerk of the district or county court, such
12 fees shall be paid and information submitted to the director in
13 charge of the judges retirement system on forms prescribed by the
14 board by the clerk within ten days after the close of each calendar
15 quarter. The board may charge a late administrative processing fee
16 not to exceed twenty-five dollars if the information is not timely
17 received or the money is delinquent. In addition, the board may
18 charge a late fee of thirty-eight thousandths of one percent of the
19 amount required to be submitted pursuant to this section for each
20 day such amount has not been received. Such director shall promptly
21 thereafter remit the same to the State Treasurer for credit to
22 the fund. No Nebraska Retirement Fund for Judges fee which is
23 uncollectible for any reason shall be waived by a county judge as
24 provided in section 29-2709.

25 (4) All expenditures from the fund shall be authorized by
26 voucher in the manner prescribed in section 24-713. The fund shall
27 be used for the payment of all annuities and other benefits and for

1 the expenses of administration.

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

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

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

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

23 (9) Not later than January 1 of each year, the State
24 Treasurer shall transfer to the fund an amount, determined on
25 the basis of an actuarial valuation as of the previous June 30
26 and certified by the board, to fully fund the unfunded accrued
27 liabilities of the retirement system as of June 30, 1988, by level

1 payments up to January 1, 2000. Such valuation shall be on the
2 basis of actuarial assumptions recommended by the actuary, approved
3 by the board, and kept on file with the board. For the fiscal
4 year beginning July 1, 2002, and each fiscal year thereafter,
5 the actuary for the board shall perform an actuarial valuation
6 of the system using the entry age actuarial cost method. Under
7 this method, the actuarially required funding rate is equal to the
8 normal cost rate, plus the contribution rate necessary to amortize
9 the unfunded actuarial accrued liability on a level payment basis.
10 The normal cost under this method shall be determined for each
11 individual member on a level percentage of salary basis. The normal
12 cost amount is then summed for all members. The initial unfunded
13 actual accrued liability as of July 1, 2002, if any, shall be
14 amortized over a twenty-five-year period. Prior to July 1, 2006,
15 changes in the funded actuarial accrued liability due to changes
16 in 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
26 unfunded actuarial accrued liability under the entry age actuarial
27 cost method is zero or less than zero on an actuarial valuation

1 date, then all prior unfunded actuarial accrued liabilities shall
2 be considered fully funded and the unfunded actuarial accrued
3 liability shall be reinitialized and amortized over a thirty-year
4 period as of the actuarial valuation date. If the actuarially
5 required contribution rate exceeds the rate of all contributions
6 required pursuant to the Judges Retirement Act, there shall be a
7 supplemental appropriation sufficient to pay for the differences
8 between the actuarially required contribution rate and the rate of
9 all contributions required pursuant to the Judges Retirement Act.

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

1 Sec. 2. Section 24-710.13, Revised Statutes Cumulative
2 Supplement, 2012, is amended to read:

3 24-710.13 (1) Beginning July 1, 2011, and each July 1
4 thereafter, the board shall determine the number of retired members
5 or beneficiaries described in subdivision (4)(b) of this section
6 in the retirement system and an annual benefit adjustment shall
7 be made by the board for each retired member or beneficiary under
8 one of the cost-of-living adjustment calculation methods found
9 in subsection (2), (3), or (4) of this section. Each retired
10 member or beneficiary, if eligible, shall receive an annual benefit
11 adjustment under the cost-of-living adjustment calculation method
12 that provides the retired member or beneficiary the greatest annual
13 benefit adjustment increase. No retired member or beneficiary shall
14 receive an annual benefit adjustment under more than one of the
15 cost-of-living adjustment calculation methods provided in this
16 section.

17 (2) The current benefit paid to a retired member or
18 beneficiary under this subsection shall be adjusted so that
19 the purchasing power of the benefit being paid is not less
20 than seventy-five percent of the purchasing power of the initial
21 benefit. The purchasing power of the initial benefit in any year
22 following the year in which the initial benefit commenced shall
23 be calculated by dividing the United States Department of Labor,
24 Bureau of Labor Statistics, Consumer Price Index for Urban Wage
25 Earners and Clerical Workers factor on June 30 of the current year
26 by the Consumer Price Index for Urban Wage Earners and Clerical
27 Workers factor on June 30 of the year in which the benefit

1 commenced. The result shall be multiplied by the product that
2 results when the amount of the initial benefit is multiplied by
3 seventy-five percent. In any year in which applying the adjustment
4 provided in subsection (3) of this section results in a benefit
5 which would be less than seventy-five percent of the purchasing
6 power of the initial benefit as calculated in this subsection, the
7 adjustment shall instead be equal to the percentage change in the
8 Consumer Price Index for Urban Wage Earners and Clerical Workers
9 factor from the prior year to the current year.

10 (3) The current benefit paid to a retired member or
11 beneficiary under this subsection shall be increased annually by
12 the lesser of (a) the percentage change in the Consumer Price Index
13 for Urban Wage Earners and Clerical Workers for the period between
14 June 30 of the prior year to June 30 of the present year or (b) two
15 and one-half percent.

16 (4)(a) The current benefit paid to a retired member
17 or beneficiary under this subsection shall be calculated by
18 multiplying the retired member's or beneficiary's total monthly
19 benefit by the lesser of (i) the cumulative change in the Consumer
20 Price Index for Urban Wage Earners and Clerical Workers from the
21 last adjustment of the total monthly benefit of each retired member
22 or beneficiary through June 30 of the year for which the annual
23 benefit adjustment is being calculated or (ii) an amount equal to
24 three percent per annum compounded for the period from the last
25 adjustment of the total monthly benefit of each retired member
26 or beneficiary through June 30 of the year for which the annual
27 benefit adjustment is being calculated.

1 (b) In order for a retired member or beneficiary to
2 receive the cost-of-living adjustment calculation method provided
3 in this subsection, the retired member or beneficiary shall be
4 (i) a retired member or beneficiary who has been receiving a
5 retirement benefit for at least five years if the member had at
6 least twenty-five years of creditable service, (ii) a member who
7 has been receiving a disability retirement benefit for at least
8 five years pursuant to section 24-709, or (iii) a beneficiary who
9 has been receiving a death benefit pursuant to section 24-707 or
10 24-707.01 for at least five years, if the member's or beneficiary's
11 monthly accrual rate is less than or equal to the minimum accrual
12 rate as determined by this subsection.

13 (c) The monthly accrual rate under this subsection is the
14 retired member's or beneficiary's total monthly benefit divided by
15 the number of years of creditable service earned by the retired or
16 deceased member.

17 (d) The total monthly benefit under this subsection is
18 the total benefit received by a retired member or beneficiary
19 pursuant to the Judges Retirement Act and previous adjustments made
20 pursuant to this section or any other provision of the act that
21 grants a benefit or cost-of-living increase, but the total monthly
22 benefit shall not include sums received by an eligible retired
23 member or eligible beneficiary from federal sources.

24 (e) The minimum accrual rate under this subsection is
25 forty-five dollars and thirty cents until adjusted pursuant to this
26 subsection. Beginning July 1, 2011, the board shall annually adjust
27 the minimum accrual rate to reflect the cumulative percentage

1 change in the Consumer Price Index for Urban Wage Earners and
2 Clerical Workers from the last adjustment of the minimum accrual
3 rate.

4 (5) Beginning July 1, 2011, and each July 1 thereafter,
5 each retired member or beneficiary shall receive the sum of the
6 annual benefit adjustment and such retiree's total monthly benefit
7 less withholding, which sum shall be the retired member's or
8 beneficiary's adjusted total monthly benefit. Each retired member
9 or beneficiary shall receive the adjusted total monthly benefit
10 until the expiration of the annuity option selected by the member
11 or until the retired member or beneficiary again qualifies for the
12 annual benefit adjustment, whichever occurs first.

13 (6) The annual benefit adjustment pursuant to this
14 section shall not cause a current benefit to be reduced, and
15 a retired member or beneficiary shall never receive less than the
16 adjusted total monthly benefit until the annuity option selected by
17 the member expires.

18 (7) The board shall adjust the annual benefit adjustment
19 provided in this section so that the cost-of-living adjustment
20 provided to the retired member or beneficiary at the time of
21 the annual benefit adjustment does not exceed the change in the
22 Consumer Price Index for Urban Wage Earners and Clerical Workers
23 for the period between June 30 of the prior year to June 30
24 of the present year. If the consumer price index used in this
25 section is discontinued or replaced, a substitute index published
26 by the United States Department of Labor shall be selected by the
27 board which shall be a reasonable representative measurement of the

1 cost-of-living for retired employees.

2 ~~(8) The state shall contribute to the Nebraska Retirement~~
3 ~~Fund for Judges an annual level dollar payment certified by the~~
4 ~~board. For the 2011-12 fiscal year through the 2012-13 fiscal year,~~
5 ~~the annual level dollar payment certified by the board shall equal~~
6 ~~1.04778 percent of six million eight hundred ninety-five thousand~~
7 ~~dollars.~~

8 Sec. 3. This act becomes operative on July 1, 2013.

9 Sec. 4. If any section in this act or any part of any
10 section is declared invalid or unconstitutional, the declaration
11 shall not affect the validity or constitutionality of the remaining
12 portions.

13 Sec. 5. Original sections 24-703 and 24-710.13, Revised
14 Statutes Cumulative Supplement, 2012, are repealed.

15 Sec. 6. Since an emergency exists, this act takes effect
16 when passed and approved according to law.

17 2. On page 1, strike lines 4 through 7 and insert
18 "retirement contributions and the Nebraska Retirement Fund for
19 Judges fees as prescribed; to eliminate obsolete language; to
20 provide an operative date; to provide severability; to repeal the
21 original sections; and to declare an emergency."