

**ONE HUNDRED FOURTH LEGISLATURE - SECOND SESSION - 2016**  
**COMMITTEE STATEMENT (CORRECTED)**  
**LB467**

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**Hearing Date:** Wednesday February 11, 2015  
**Committee On:** Nebraska Retirement Systems  
**Introducer:** Kolterman  
**One Liner:** Change provisions relating to State Patrol retirement

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**Roll Call Vote - Final Committee Action:**  
Advanced to General File with amendment(s)

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**Vote Results:**  
**Aye:** 6 Senators Davis, Groene, Kolowski, Lindstrom, Mello, Kolterman  
**Nay:**  
**Absent:**  
**Present Not Voting:**

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**Verbal Testimony:**

**Proponents:**  
SENATOR JEREMY NORDQUIST

**Representing:**  
INTRODUCER

**Opponents:**  
MATT SCHAEFER

**Representing:**  
STATE TROOPER ASSOCIATION OF NEBRASKA

**Neutral:**  
ORRON HILL

**Representing:**  
NEBRASKA PUBLIC EMPLOYEES RETIREMENT  
SYSTEMS

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**Summary of purpose and/or changes:**

LB 467 creates a second tier of reduced benefits for officers who became members on and after July 1, 2015 which include:

1. The contribution rates for new officers and the employer would be 18%;
2. The maximum cost-of-living-adjustment (COLA) would be 1%. If the plan is 100% funded, the Public Employees Retirement Board may grant a supplemental cost-of-living payment up to an additional 1.5%; and
3. A retiree's final compensation would be averaged over 5 years of highest salary.

In addition, officers who enter the Deferred Option Retirement Plan (DROP) on and after July 1, 2020 would be required to continue to make their required contributions while they are enrolled in DROP.

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**Explanation of amendments:**

February 4, 2016 Hearing on AM 1865

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On February 4, 2016, a hearing was held on AM 1865 which was filed in January 2016. It amends several of the proposed benefit changes in LB 467 and adds several additional benefit reductions to the second tier of reduced benefits for officers who become members on or after July 1, 2016.

1. The contribution rates for new officers and the employer will be 17% of compensation.
2. The maximum cost-of-living-adjustment (COLA) will be 1% unless the plan is 100% funded, then a supplemental cost-of-living payment,, up to a maximum of 1.5%, may be granted at the discretion of the Public Employees Retirement Board.
3. An officer's final compensation will be averaged over 5 years of highest salary.
4. The definition of compensation is changed for purposes of benefit calculation in order to eliminate the practice of converting unused leave and compensatory time to cash in the year preceding retirement. Compensation will not include unused sick and vacation leave, unused holiday compensatory time, unused compensatory time or any other type of unused leave, compensatory time, or similar benefits converted to cash payments.
5. A provision is added which limits the increase in compensation in each of the 5 years preceding retirement to 8% per year for purposes of benefit calculation.
6. Officers eligible for military service credit will only receive the credit to the extent they make contributions, which shall be matched by the employer. Eligible military service includes deployment under declared state emergencies and federal service as described in the Uniformed Services Employment and Reemployment Rights Act (USERRA).
7. The Deferred Option Retirement Plan (DROP) is eliminated.

#### Committee Amendment 2351

Committee AM 2351 becomes the bill. It incorporates all of the provisions contained in AM 1865 except it strikes all the military service credit eligibility changes for current and new employees.

#### Section-by-Section Summary of AM 2351

AM 2351 strikes the original sections and becomes the bill.

Section 1. Compensation for purposes of calculating the retirement benefit for officers who become members prior to July 1, 2016, does not include unused vacation or sick leave converted to cash

Compensation for purposes of calculating the retirement benefit for officers who become members on and after July 1, 2016 does not include unused vacation or sick leave, unused compensatory time, unused holiday leave or any other type of unused compensatory time converted to cash; [amends 81-2014]

Section 2. Adds new sections 6 and 7 to the Nebraska State Patrol Retirement Act

Section 3. For officers who become members prior to July 1, 2016, the contribution rate will remain 16% of salary, matched by the state contribution rate of 16%.

For officers who become members on and after July 1, 2016, the contribution rate will be 17% of salary, matched by the state contribution rate of 17%; [amends 81-2017]

Section 4. For officers who become members prior to July 1, 2016, final compensation will be averaged over 3 years of highest salary;

For officers who become member on and after July 1, 2016, final compensation will be averaged over 5 years of highest salary;

A capping provision is inserted to limit compensation increases to 8% per year in the 5 years preceding retirement; [amends 81-2026]

Section 5. For officers who become members prior to July 1, 2016, the maximum COLA is 2.5%;

Strikes obsolete language regarding a purchasing power cost-of-living adjustment contribution by the state which expired in FY2012/13 [amends 81-2027.08]

Section 6. [NEW SECTION] For officers who become members on and after July 1, 2016, the maximum COLA is 1%;

Section 7. [NEW SECTION] For officers who become members on and after July 1, 2016, an additional supplemental cost-of-living payment up to 1.5% may be granted at the discretion of the Public Employees Retirement Board if the plan is 100% funded;

Section 8. Only officers who become members prior to July 1, 2016 are eligible to enter DROP [amends 81-2041]

Section 9. Severance clause

Section 10. Repealer

Section 11. Emergency clause

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Mark Kolterman, Chairperson