

LEGISLATURE OF NEBRASKA
ONE HUNDRED FOURTH LEGISLATURE
FIRST SESSION

LEGISLATIVE BILL 126

Introduced by Nordquist, 7.

Read first time January 09, 2015

Committee: Nebraska Retirement Systems

- 1 A BILL FOR AN ACT relating to retirement; to amend section 23-1118,
- 2 Revised Statutes Cumulative Supplement, 2014; to change a combined
- 3 contribution rate as prescribed; and to repeal the original section.
- 4 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 23-1118, Revised Statutes Cumulative Supplement,
2 2014, is amended to read:

3 23-1118 (1)(a) Unless the county has adopted a retirement system
4 pursuant to section 23-2329, the county board of any county having a
5 population of one hundred fifty thousand inhabitants or more, as
6 determined by the most recent federal decennial census, may, in its
7 discretion and with the approval of the voters, provide retirement
8 benefits for present and future employees of the county. The cost of such
9 retirement benefits shall be funded in accordance with sound actuarial
10 principles with the necessary cost being treated in the county budget in
11 the same way as any other operating expense.

12 (b) Except as provided in subdivision (c) of this subsection, each
13 employee shall be required to contribute, or have contributed on his or
14 her behalf, an amount at least equal to the county's contribution to the
15 cost of any such retirement program as to service performed after the
16 adoption of such retirement program, but the cost of any benefits based
17 on prior service shall be borne solely by the county.

18 (c) In a county or municipal county having a population of two
19 hundred thousand or more inhabitants but not more than three hundred
20 thousand inhabitants, as determined by the most recent federal decennial
21 census, the county or municipal county shall establish the employee and
22 employer contribution rates to the retirement program for each year after
23 July 15, 1992. The county or municipal county shall contribute one
24 hundred fifty percent of each employee's mandatory contribution, and for
25 an employee hired on or after July 1, 2012, the county or municipal
26 county shall contribute at least one hundred percent of each such
27 employee's mandatory contribution. The combined contributions of the
28 county or municipal county and its employees to the cost of any such
29 retirement program shall not exceed sixteen ~~thirteen~~ percent of the
30 employees' salaries.

31 (2) Before the county board or council provides retirement benefits

1 for the employees of the county or municipal county, such question shall
2 be submitted at a regular general or primary election held within the
3 county or municipal county, and in which election all persons eligible to
4 vote for the officials of the county or municipal county shall be
5 entitled to vote on such question, which shall be submitted in the
6 following language: Shall the county board or council provide retirement
7 benefits for present and future employees of the county or municipal
8 county? If a majority of the votes cast upon such question are in favor
9 of such question, then the county board or council shall be empowered to
10 provide retirement benefits for present and future employees as provided
11 in this section. If such retirement benefits for present and future
12 county and municipal county employees are approved by the voters and
13 authorized by the county board or council, then the funds of such
14 retirement system, in excess of the amount required for current
15 operations as determined by the county board or council, may be invested
16 and reinvested in the class of securities and investments described in
17 section 30-3209.

18 (3) As used in this section, employees shall mean all persons or
19 officers devoting more than twenty hours per week to employment by the
20 county or municipal county, all elected officers of the county or
21 municipal county, and such other persons or officers as are classified
22 from time to time as permanent employees by the county board or council.

23 (4) The county or municipal county may pick up the member
24 contributions required by this section for all compensation paid on or
25 after January 1, 1985, and the contributions so picked up shall be
26 treated as employer contributions in determining federal tax treatment
27 under the Internal Revenue Code, except that the county or municipal
28 county shall continue to withhold federal income taxes based upon these
29 contributions until the Internal Revenue Service or the federal courts
30 rule that, pursuant to section 414(h) of the Internal Revenue Code, these
31 contributions shall not be included as gross income of the member until

1 such time as they are distributed or made available. The county or
2 municipal county shall pay these member contributions from the same
3 source of funds which is used in paying earnings to the member. The
4 county or municipal county shall pick up these contributions by a salary
5 deduction either through a reduction in the cash salary of the member or
6 a combination of a reduction in salary and offset against a future salary
7 increase. Member contributions picked up shall be treated in the same
8 manner and to the same extent as member contributions made prior to the
9 date picked up.

10 (5)(a) Beginning December 31, 1998, and each December 31 thereafter,
11 the chairperson of the county board or council with a retirement plan
12 established pursuant to this section and section 401(a) of the Internal
13 Revenue Code shall file with the Public Employees Retirement Board a
14 report on such plan and shall submit copies of such report to the Auditor
15 of Public Accounts. The Auditor of Public Accounts may prepare a review
16 of such report pursuant to section 84-304.02 but is not required to do
17 so. The report shall be in a form prescribed by the Public Employees
18 Retirement Board and shall contain the following information for each
19 such retirement plan:

- 20 (i) The number of persons participating in the retirement plan;
21 (ii) The contribution rates of participants in the plan;
22 (iii) Plan assets and liabilities;
23 (iv) The names and positions of persons administering the plan;
24 (v) The names and positions of persons investing plan assets;
25 (vi) The form and nature of investments;
26 (vii) For each defined contribution plan, a full description of
27 investment policies and options available to plan participants; and
28 (viii) For each defined benefit plan, the levels of benefits of
29 participants in the plan, the number of members who are eligible for a
30 benefit, and the total present value of such members' benefits, as well
31 as the funding sources which will pay for such benefits.

1 If a plan contains no current active participants, the chairperson
2 may file in place of such report a statement with the Public Employees
3 Retirement Board indicating the number of retirees still drawing
4 benefits, and the sources and amount of funding for such benefits.

5 (b) If such retirement plan is a defined benefit plan which was open
6 to new members on January 1, 2004, in addition to the reports required by
7 section 13-2402, the county board of a county or council of the municipal
8 county with a retirement plan established pursuant to this section shall
9 cause to be prepared an annual report and the chairperson shall file the
10 same with the Public Employees Retirement Board and the Nebraska
11 Retirement Systems Committee of the Legislature and submit to the Auditor
12 of Public Accounts a copy of such report. The Auditor of Public Accounts
13 may prepare a review of such report pursuant to section 84-304.02 but is
14 not required to do so. If the county board or council does not submit a
15 copy of the report to the Auditor of Public Accounts within six months
16 after the end of the plan year, the Auditor of Public Accounts may audit,
17 or cause to be audited, the county or municipal county. All costs of the
18 audit shall be paid by the county or municipal county. The report shall
19 consist of a full actuarial analysis of each such retirement plan
20 established pursuant to this section. The analysis shall be prepared by
21 an independent private organization or public entity employing actuaries
22 who are members in good standing of the American Academy of Actuaries,
23 and which organization or entity has demonstrated expertise to perform
24 this type of analysis and is unrelated to any organization offering
25 investment advice or which provides investment management services to the
26 retirement plan. The report to the Nebraska Retirement Systems Committee
27 shall be submitted electronically.

28 Sec. 2. Original section 23-1118, Revised Statutes Cumulative
29 Supplement, 2014, is repealed.