

AMENDMENTS TO LB420

Introduced by Nebraska Retirement Systems.

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

3           **Section 1.** Section 24-703, Revised Statutes Cumulative Supplement,  
4 2024, is amended to read:

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

22           (2)(a) In addition to the contribution required under subdivision  
23 (c) of this subsection, beginning on July 1, 2004, each future member who  
24 became a member prior to July 1, 2015, and who has not elected to make  
25 contributions and receive benefits as provided in section 24-703.03 shall  
26 contribute monthly six percent of his or her monthly compensation to the  
27 fund until the maximum benefit as limited in subsection (2) of section

1 24-710 has been earned. After the maximum benefit as limited in  
2 subsection (2) of section 24-710 has been earned, such future member  
3 shall make no further contributions to the fund, except that (i) any time  
4 the maximum benefit is changed, a future member who has previously earned  
5 the maximum benefit as it existed prior to the change shall contribute  
6 monthly six percent of his or her monthly compensation to the fund until  
7 the maximum benefit as changed and as limited in subsection (2) of  
8 section 24-710 has been earned and (ii) such future member shall continue  
9 to make the contribution required under subdivision (c) of this  
10 subsection.

11 (b) In addition to the contribution required under subdivision (c)  
12 of this subsection, beginning on July 1, 2004, a judge who became a  
13 member prior to July 1, 2015, and who first serves as a judge on or after  
14 July 1, 2004, or a future member who became a member prior to July 1,  
15 2015, and who elects to make contributions and receive benefits as  
16 provided in section 24-703.03 shall contribute monthly eight percent of  
17 his or her monthly compensation to the fund until the maximum benefit as  
18 limited by subsection (2) of section 24-710 has been earned. In addition  
19 to the contribution required under subdivision (c) of this subsection,  
20 after the maximum benefit as limited in subsection (2) of section 24-710  
21 has been earned, such judge or future member shall contribute monthly  
22 four percent of his or her monthly compensation to the fund for the  
23 remainder of his or her active service.

24 (c) Beginning on July 1, 2009, a member or judge described in  
25 subdivisions (a) and (b) of this subsection shall contribute monthly an  
26 additional one percent of his or her monthly compensation to the fund.

27 (d) Beginning on July 1, 2015, a judge who first serves as a judge  
28 on or after such date shall contribute monthly ten percent of his or her  
29 monthly compensation to the fund.

30 (e) It shall be the duty of the Director of Administrative Services  
31 to make a deduction on the monthly payroll of each such future member who

1 is a judge of the Supreme Court, a judge of the Court of Appeals, a judge  
2 of the district court, a judge of a separate juvenile court, a judge of  
3 the county court, a clerk magistrate of the county court who was an  
4 associate county judge and a member of the fund at the time of his or her  
5 appointment as a clerk magistrate, or a judge of the Nebraska Workers'  
6 Compensation Court showing the amount to be deducted and its credit to  
7 the fund. This shall be done each month. The Director of Administrative  
8 Services and the State Treasurer shall credit the amount as shown on the  
9 payroll and the amounts received from the various counties to the fund  
10 and remit the same to the director in charge of the judges retirement  
11 system who shall keep an accurate record of the contributions of each  
12 judge.

13 (3)(a) Except as otherwise provided in this subsection, a Nebraska  
14 Retirement Fund for Judges fee of six dollars through June 30, 2021,  
15 eight dollars beginning July 1, 2021, through June 30, 2022, nine dollars  
16 beginning July 1, 2022, through June 30, 2023, ten dollars beginning July  
17 1, 2023, through June 30, 2024, eleven dollars beginning July 1, 2024,  
18 through June 30, 2025, and twelve dollars beginning July 1, 2025, shall  
19 be taxed as costs in each (i) civil cause of action, criminal cause of  
20 action, traffic misdemeanor or infraction, and city or village ordinance  
21 violation filed in the district courts, the county courts, and the  
22 separate juvenile courts, (ii) filing in the district court of an order,  
23 award, or judgment of the Nebraska Workers' Compensation Court or any  
24 judge thereof pursuant to section 48-188, (iii) appeal or other  
25 proceeding filed in the Court of Appeals, and (iv) original action,  
26 appeal, or other proceeding filed in the Supreme Court. In county courts  
27 a sum shall be charged which is equal to ten percent of each fee provided  
28 by sections 33-125, 33-126.02, 33-126.03, and 33-126.06, rounded to the  
29 nearest even dollar. No judges retirement fee shall be charged for filing  
30 a report pursuant to sections 33-126.02 and 33-126.06.

31 (b) The fee increases described in subdivision (a) of this

1 subsection shall not be taxed as a cost in any criminal cause of action,  
2 traffic misdemeanor or infraction, or city or village ordinance violation  
3 filed in the district court or the county court. The fee on such criminal  
4 causes of action, traffic misdemeanors or infractions, or city or village  
5 ordinance violations shall remain six dollars on and after July 1, 2021.

6 (c) When collected by the clerk of the district or county court,  
7 such fees shall be remitted to the State Treasurer within ten days after  
8 the close of each calendar month for credit to the Nebraska Retirement  
9 Fund for Judges. In addition, information regarding collection of court  
10 fees shall be submitted to the director in charge of the judges  
11 retirement system by the State Court Administrator within ten days after  
12 the close of each calendar month.

13 (d) The board may charge a late administrative processing fee not to  
14 exceed twenty-five dollars if the information is not timely received or  
15 the money is delinquent. In addition, the board may charge a late fee of  
16 thirty-eight thousandths of one percent of the amount required to be  
17 submitted pursuant to this section for each day such amount has not been  
18 received. Such late fees shall be remitted to the director who shall  
19 promptly thereafter remit such fees to the State Treasurer for credit to  
20 the fund.

21 (e) No Nebraska Retirement Fund for Judges fee which is  
22 uncollectible for any reason shall be waived by a county judge as  
23 provided in section 29-2709.

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

28 (5)(a) Prior to July 1, 2021:

29 (i) Beginning July 1, 2013, and each fiscal year thereafter, the  
30 board shall cause an annual actuarial valuation to be performed that will  
31 value the plan assets for the year and ascertain the contributions

1 required for such fiscal year. The actuary for the board shall perform an  
2 actuarial valuation of the system on the basis of actuarial assumptions  
3 recommended by the actuary, approved by the board, and kept on file with  
4 the board using the entry age actuarial cost method. Under this method,  
5 the actuarially required funding rate is equal to the normal cost rate,  
6 plus the contribution rate necessary to amortize the unfunded actuarial  
7 accrued liability on a level percentage of salary basis. The normal cost  
8 under this method shall be determined for each individual member on a  
9 level percentage of salary basis. The normal cost amount is then summed  
10 for all members;

11 (ii) Beginning July 1, 2006, any existing unfunded liabilities shall  
12 be reinitialized and amortized over a thirty-year period, and during each  
13 subsequent actuarial valuation through June 30, 2021, changes in the  
14 unfunded actuarial accrued liability due to changes in benefits,  
15 actuarial assumptions, the asset valuation method, or actuarial gains or  
16 losses shall be measured and amortized over a thirty-year period  
17 beginning on the valuation date of such change;

18 (iii) If the unfunded actuarial accrued liability under the entry  
19 age actuarial cost method is zero or less than zero on an actuarial  
20 valuation date, then all prior unfunded actuarial accrued liabilities  
21 shall be considered fully funded and the unfunded actuarial accrued  
22 liability shall be reinitialized and amortized over a thirty-year period  
23 as of the actuarial valuation date; and

24 (iv) If the actuarially required contribution rate exceeds the rate  
25 of all contributions required pursuant to the Judges Retirement Act,  
26 there shall be a supplemental appropriation sufficient to pay for the  
27 differences between the actuarially required contribution rate and the  
28 rate of all contributions required pursuant to the Judges Retirement Act.

29 (b) Beginning July 1, 2021, and each fiscal year thereafter:

30 (i) The board shall cause an annual actuarial valuation to be  
31 performed that will value the plan assets for the year and ascertain the

1 contributions required for such fiscal year. The actuary for the board  
2 shall perform an actuarial valuation of the system on the basis of  
3 actuarial assumptions recommended by the actuary, approved by the board,  
4 and kept on file with the board using the entry age actuarial cost  
5 method. Under such method, the actuarially required funding rate is equal  
6 to the normal cost rate, plus the contribution rate necessary to amortize  
7 the unfunded actuarial accrued liability on a level percentage of salary  
8 basis. The normal cost under such method shall be determined for each  
9 individual member on a level percentage of salary basis. The normal cost  
10 amount is then summed for all members;

11 (ii) Any changes in the unfunded actuarial accrued liability due to  
12 changes in benefits, actuarial assumptions, the asset valuation method,  
13 or actuarial gains or losses shall be measured and amortized over a  
14 twenty-five-year period beginning on the valuation date of such change;

15 (iii) If the unfunded actuarial accrued liability under the entry  
16 age actuarial cost method is zero or less than zero on an actuarial  
17 valuation date, then all prior unfunded actuarial accrued liabilities  
18 shall be considered fully funded and the unfunded actuarial accrued  
19 liability shall be reinitialized and amortized over a twenty-five-year  
20 period as of the actuarial valuation date; and

21 (iv) If the actuarially required contribution rate exceeds the rate  
22 of all contributions required pursuant to the Judges Retirement Act,  
23 there shall be a supplemental appropriation sufficient to pay for the  
24 differences between the actuarially required contribution rate and the  
25 rate of all contributions required pursuant to the act.

26 (c) Upon the recommendation of the actuary to the board, and after  
27 the board notifies the Nebraska Retirement Systems Committee of the  
28 Legislature, the board may combine or offset certain amortization bases  
29 to reduce future volatility of the actuarial contribution rate. Such  
30 notification to the committee shall be in writing and include, at a  
31 minimum, the actuary's projection of the contributions to fund the plan

1 if the combination or offset were not implemented, the actuary's  
2 projection of the contributions to fund the plan if the combination or  
3 offset were implemented, and the actuary's explanation of why the  
4 combination or offset is in the best interests of the plan at the  
5 proposed time.

6 (d) For purposes of this subsection, the rate of all contributions  
7 required pursuant to the Judges Retirement Act includes (i) member  
8 contributions, (ii) state contributions pursuant to subsection (6) of  
9 this section which shall be considered as a contribution for the plan  
10 year ending the prior June 30, (iii) court fees as provided in subsection  
11 (3) of this section, and (iv) all fees pursuant to sections 25-2804,  
12 33-103, 33-103.01, 33-106.02, 33-123, 33-124, 33-125, 33-126.02,  
13 33-126.03, and 33-126.06, as directed to be remitted to the fund.

14 (6)(a) In addition to the contributions otherwise required by this  
15 section, beginning July 1, 2023, and on July 1 of each year thereafter,  
16 ~~the state shall contribute or as soon thereafter as administratively~~  
17 ~~possible, the State Treasurer shall transfer~~ from the General Fund to the  
18 Nebraska Retirement Fund for Judges an amount equal to five percent of  
19 the total annual compensation of all members of the retirement system  
20 except as otherwise provided in this subsection and as such rate shall be  
21 adjusted or terminated by the Legislature. No adjustment may cause the  
22 total contribution rate established in this subsection to exceed five  
23 percent. For purposes of this subsection, (i) total annual compensation  
24 is based on the total member compensation reported in the most recent  
25 annual actuarial valuation report for the retirement system produced for  
26 the board pursuant to section 84-1503 and (ii) the contribution described  
27 in this subsection shall be considered as a contribution for the plan  
28 year ending the prior June 30.

29 (b) If the funded ratio on the actuarial value of assets is at or  
30 above one hundred percent for two consecutive years as reported in the  
31 annual actuarial valuation report, the actuary shall assess whether the

1 percentage of the state contribution rate should be adjusted based on  
2 projected annual actuarial valuation report results including the funded  
3 ratio, actuarial contribution, and expected revenue sources using several  
4 assumed investment return scenarios that the actuary deems to be  
5 reasonable, and shall make a recommendation to the board as part of the  
6 annual actuarial valuation report.

7 (c) If the state contribution rate has been adjusted to less than  
8 five percent and the funded ratio on the actuarial value of assets is  
9 below one hundred percent for two consecutive years as reported in the  
10 annual actuarial valuation report, the actuary shall assess whether the  
11 percentage of the state contribution rate should be adjusted based on  
12 projected annual actuarial valuation report results including the funded  
13 ratio, actuarial contribution, and expected revenue sources using several  
14 assumed investment return scenarios that the actuary deems to be  
15 reasonable, and shall make a recommendation to the board as part of the  
16 annual actuarial valuation report.

17 (d) If an annual actuarial valuation report includes a  
18 recommendation from the actuary to adjust the contribution rate as  
19 described in subdivision (b) or (c) of this subsection, the board shall  
20 provide written notice electronically to the Nebraska Retirement Systems  
21 Committee of the Legislature, to the Governor, and to the Supreme Court  
22 of such recommendation within seven business days after voting to approve  
23 an annual actuarial valuation report. The notice shall include the  
24 actuary's recommendation and analysis regarding such adjustment.

25 (e) Following receipt of the actuary's recommendation and analysis  
26 pursuant to this subsection, the Nebraska Retirement Systems Committee of  
27 the Legislature shall determine the amount of any adjustment of the  
28 contribution rate and, if necessary, shall propose any such adjustment to  
29 the Legislature.

30 (7) The state or county shall pick up the member contributions  
31 required by this section for all compensation paid on or after January 1,

1 1985, and the contributions so picked up shall be treated as employer  
2 contributions pursuant to section 414(h)(2) of the Internal Revenue Code  
3 in determining federal tax treatment under the code and shall not be  
4 included as gross income of the member until such time as they are  
5 distributed or made available. The contributions, although designated as  
6 member contributions, shall be paid by the state or county in lieu of  
7 member contributions. The state or county shall pay these member  
8 contributions from the same source of funds which is used in paying  
9 earnings to the member. The state or county shall pick up these  
10 contributions by a compensation deduction through a reduction in the  
11 compensation of the member. Member contributions picked up shall be  
12 treated for all purposes of the Judges Retirement Act in the same manner  
13 and to the extent as member contributions made prior to the date picked  
14 up.

15 **Sec. 2.** Original section 24-703, Revised Statutes Cumulative  
16 Supplement, 2024, is repealed.

17 **Sec. 3.** Since an emergency exists, this act takes effect when  
18 passed and approved according to law.