

LEGISLATURE OF NEBRASKA
ONE HUNDRED SECOND LEGISLATURE
SECOND SESSION
LEGISLATIVE BILL 867
Final Reading

Introduced by Karpisek, 32.

Read first time January 06, 2012

Committee: Nebraska Retirement Systems

A BILL

1 FOR AN ACT relating to retirement; to amend section 23-1118, Revised
2 Statutes Supplement, 2011; to change employer
3 contribution provisions under certain county retirement
4 plans; to change provisions relating to the population of
5 affected counties and reporting requirements; to repeal
6 the original section; and to declare an emergency.
7 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 23-1118, Revised Statutes Supplement,
2 2011, is amended to read:

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

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

19 (c) In a county or municipal county having a population
20 of two hundred thousand or more inhabitants but not more than three
21 hundred thousand inhabitants, as determined by the most recent
22 federal decennial census, the county or municipal county shall
23 establish the employee and employer contribution rates to the
24 retirement program for each year after July 15, 1992. The county or
25 municipal county shall contribute ~~at least an amount equal to each~~

1 ~~employee's mandatory contribution, if any, to the cost of any such~~
2 ~~retirement program and by January 1, 1996, shall be contributing one~~
3 ~~hundred fifty percent of each employee's mandatory contribution, and~~
4 for an employee hired on or after July 1, 2012, the county or
5 municipal county shall contribute at least one hundred percent of
6 each such employee's mandatory contribution. The combined
7 contributions of the county or municipal county and its employees to
8 the cost of any such retirement program shall not exceed thirteen
9 percent of the employees' salaries.

10 (2) Before the county board or council provides
11 retirement benefits for the employees of the county or municipal
12 county, such question shall be submitted at a regular general or
13 primary election held within the county or municipal county, and in
14 which election all persons eligible to vote for the officials of the
15 county or municipal county shall be entitled to vote on such
16 question, which shall be submitted in the following language: Shall
17 the county board or council provide retirement benefits for present
18 and future employees of the county or municipal county? If a majority
19 of the votes cast upon such question are in favor of such question,
20 then the county board or council shall be empowered to provide
21 retirement benefits for present and future employees as provided in
22 this section. If such retirement benefits for present and future
23 county and municipal county employees are approved by the voters and
24 authorized by the county board or council, then the funds of such
25 retirement system, in excess of the amount required for current

1 operations as determined by the county board or council, may be
2 invested and reinvested in the class of securities and investments
3 described in section 30-3209.

4 (3) As used in this section, employees shall mean all
5 persons or officers devoting more than twenty hours per week to
6 employment by the county or municipal county, all elected officers of
7 the county or municipal county, and such other persons or officers as
8 are classified from time to time as permanent employees by the county
9 board or council.

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

1 contributions picked up shall be treated in the same manner and to
2 the same extent as member contributions made prior to the date picked
3 up.

4 (5)(a) Beginning December 31, 1998, and each December 31
5 thereafter, the chairperson of the county board or council with a
6 retirement plan established pursuant to this section and section
7 401(a) of the Internal Revenue Code shall file with the Public
8 Employees Retirement Board ~~an annual~~ a report on such plan and shall
9 submit copies of such report to the Auditor of Public Accounts. The
10 Auditor of Public Accounts may prepare a review of such report
11 pursuant to section 84-304.02 but is not required to do so. The
12 ~~annual~~ report shall be in a form prescribed by the Public Employees
13 Retirement Board and shall contain the following information for each
14 such retirement plan:

15 (i) The number of persons participating in the retirement
16 plan;

17 (ii) The contribution rates of participants in the plan;

18 (iii) Plan assets and liabilities;

19 (iv) The names and positions of persons administering the
20 plan;

21 (v) The names and positions of persons investing plan
22 assets;

23 (vi) The form and nature of investments;

24 (vii) For each defined contribution plan, a full
25 description of investment policies and options available to plan

1 participants; and

2 (viii) For each defined benefit plan, the levels of
3 benefits of participants in the plan, the number of members who are
4 eligible for a benefit, and the total present value of such members'
5 benefits, as well as the funding sources which will pay for such
6 benefits.

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

12 (b) Beginning December 31, 1998, and every four years
13 thereafter, if such retirement plan is a defined benefit plan, the
14 county board of a county or council of the municipal county with a
15 retirement plan established pursuant to this section shall cause to
16 be prepared a ~~quadrennial~~ report and the chairperson shall file the
17 same with the Public Employees Retirement Board and submit to the
18 Auditor of Public Accounts a copy of such report. The Auditor of
19 Public Accounts may prepare a review of such report pursuant to
20 section 84-304.02 but is not required to do so. The report shall
21 consist of a full actuarial analysis of each such retirement plan
22 established pursuant to this section. The analysis shall be prepared
23 by an independent private organization or public entity employing
24 actuaries who are members in good standing of the American Academy of
25 Actuaries, and which organization or entity has demonstrated

1 expertise to perform this type of analysis and is unrelated to any
2 organization offering investment advice or which provides investment
3 management services to the retirement plan.

4 Sec. 2. Original section 23-1118, Revised Statutes
5 Supplement, 2011, is repealed.

6 Sec. 3. Since an emergency exists, this act takes effect
7 when passed and approved according to law.