

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.