

One Hundred Seventh Legislature - First Session - 2021

Introducer's Statement of Intent

LB24

Chairperson: Senator Mark Kolterman

Committee: Nebraska Retirement Systems

Date of Hearing: February 9, 2021

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

The Judges' Retirement System is funded in part by various court fees that are earmarked specifically for the Judges' Retirement Fund. In the last decade, despite several increases in these earmarked court fees, the revenue has continued to decline overall due to several factors including the increased availability and use of diversion programs for some traffic violations. The pandemic has caused a significant decrease in court fee revenue including a decrease of \$400,000 in the last quarter of the 2020 fiscal year and a decrease of \$300,00 in the past six months.

Additionally, new actuarial assumptions were adopted as recommended in the 2020 Experience Study that will increase the amount of funding necessary to sustain the Judges' plan, including a reduction in the assumed investment rate from 7.5% to 7.0%. A reduction in the investment rate generally means an increase in the amount that needs to be contributed to maintain the long-term sustainability of a retirement system.

To provide additional revenue for the increased funding needs, LB 24 proposes an increase over the next five years in various court filings and docket fees. The increases in several fees and in the amounts earmarked for the Judges' Retirement Fund will begin July 1, 2021 and many of the earmarks will continue to increase annually through July 1, 2025.

The bill also includes several clean-up provisions clarifying that court fee revenues are reported monthly instead of quarterly to the State Treasurer. It further clarifies that the State Court Administrator Office remits information about the collection of such fees to the director of NPERS.

Principal Introducer: _____

Senator Mark Kolterman