

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)

	FY 2025-26		FY 2026-27	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	SEE BELOW		SEE BELOW	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	SEE BELOW		SEE BELOW	

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB645 amends §79-966 to change the state contributions to the School Retirement Fund.

For each fiscal year beginning July 1, 2025, in addition to the state transfers required, the state will transfer into the School Retirement Fund the following amounts:

- if the actuarially funded ratio of the School Retirement Fund is less than ninety-two percent, an amount equal to two percent of the compensation of all members of the retirement system
- if the actuarially funded ratio of the School Retirement Fund is ninety-two percent or greater & less than ninety-four percent, an amount equal to one & six-tenths of one percent of the compensation of all members of the retirement system
- if the actuarially funded ratio of the School Retirement Fund is ninety-four percent or greater & less than ninety-six percent, an amount equal to one & two-tenths of one percent of the compensation of all members of the retirement system
- if the actuarially funded ratio of the School Retirement Fund is ninety-six percent or greater & less than ninety-eight percent, an amount equal to eight-tenths of one percent of the compensation of all members of the retirement system
- if the actuarially funded ratio of the School Retirement Fund is ninety-eight percent or greater & less than one hundred percent, an amount equal to four-tenths of one percent of the compensation of all members of the retirement system
- if the actuarially funded ratio of the School Retirement Fund is one hundred percent or greater, the state will not be required to transfer an amount

FISCAL IMPACT:

There will be an impact but the amount will vary based on the funded ratio being reported in the annual actuarial reports & those amounts cannot be determined at this time.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 645	AM:	AGENCY/POLT. SUB: Department of Revenue	
REVIEWED BY: Ryan Walton		DATE: 3/12/2025	PHONE: (402) 471-4174
COMMENTS: The Department of Revenue's assessment of fiscal impact from LB 645, appears reasonable.			

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE

LB: 645	AM: 248	AGENCY/POLT. SUB: Nebraska Public Employees Retirement Systems (NPERS)	
REVIEWED BY: Ryan Walton		DATE: 3/11/2025	PHONE: (402) 471-4174
COMMENTS: NPERS' assessment of fiscal impact to agency operations from LB 645, as amended by AM248, appears reasonable.			
Technical Note: The provisions of LB 645 present a tiered approach to both member contributions and State appropriations based on the plan's funded status in any given year. The bill also provides for a set flat employer contribution rate. Fiscal impact to the plan will be determined by future investment returns and contributions.			

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2025

LB⁽¹⁾ 645

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Public Employees Retirement Systems (NPERS)-
085

Prepared by: ⁽³⁾ Teresa Zulauf Date Prepared: ⁽⁴⁾ 1/30/25 Phone: ⁽⁵⁾ 402-471-7745

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2025-26</u>		<u>FY 2026-27</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS				
CASH FUNDS	0	0	0	0
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	0	0	0	0

Explanation of Estimate:

LB 645 –Gradual reduction in state contributions from the General Fund to the School Retirement Fund. This funding is based on the actuarially funded ratio of the School Retirement Fund.

No fiscal impact to NPERS Agency 085 **operations expenditures**.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2025-26</u>	<u>2026-27</u>
	<u>25-26</u>	<u>26-27</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....				
Operating.....				
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....				

State Agency Estimate

State Agency Name: Department of Revenue				Date Due LFO:			
Approved by: James R. Kamm				Date Prepared: 03/11/2025		Phone: 471-5896	
	<u>FY 2025-2026</u>		<u>FY 2026-2027</u>		<u>FY 2027-2028</u>		
	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	<u>Expenditures</u>	<u>Revenue</u>	
General Funds	See Below	See Below	See Below	See Below	See Below	See Below	
Cash Funds							
Federal Funds							
Other Funds							
Total Funds	See Below	See Below	See Below	See Below	See Below	See Below	

LB 645 changes the way transfers into the School Retirement Fund work starting on July 1, 2025.

Starting July 1, 2025,

- if the actuarially funded ratio of the Fund is less than ninety-two percent, an amount equal to two percent of the compensation of all members of the retirement system shall be transferred.
- If the actuarially funded ratio of the Fund is ninety-two percent or greater and less than ninety-four percent, an amount equal to one and six-tenths of one percent of the compensation of all members of the retirement system shall be transferred.
- If the actuarially funded ratio of the Fund is ninety-four percent or greater and less than ninety-six percent, an amount equal to one and two-tenths of one percent of the compensation of all members of the retirement system shall be transferred.
- If the actuarially funded ratio of the Fund is ninety-six percent or greater and less than ninety-eight percent, an amount equal to eight-tenths of one percent of the compensation of all members of the retirement system shall be transferred.
- If the actuarially funded ratio of the Fund is ninety-eight percent or greater and less than one hundred percent, an amount equal to four-tenths of one percent of the compensation of all members of the retirement system shall be transferred.
- If the actuarially funded ratio of the Fund is one hundred percent or greater, the state shall not be required to make a transfer.

The estimated fiscal impact of LB 645 on the general funds cannot be estimated by the Department of Revenue (DOR).

It is estimated that there will be no costs to the DOR to implement this bill.

Major Objects of Expenditure							
<u>Class Code</u>	<u>Classification Title</u>	<u>25-26 FTE</u>	<u>26-27 FTE</u>	<u>27-28 FTE</u>	<u>25-26 Expenditures</u>	<u>26-27 Expenditures</u>	<u>27-28 Expenditures</u>
Benefits.....							
Operating Costs.....							
Travel.....							
Capital Outlay.....							
Capital Improvements.....							
Total.....							