

PRESIDENT: Is there discussion on the Retirement Committee amendment? Senator Haberman. This is on the amendment. Do you want to wait till the bill? Is there further discussion on the committee amendment as explained by Senator Harris? If not, all those in favor of the amendment vote aye, opposed vote nay. We are voting on the Retirement Committee amendments to LB 353. Please record your vote on the committee amendments to LB 353. The Clerk will record the vote.

CLERK: 27 ayes, 0 nays, Mr. President, on adoption of the committee amendments to LB 353.

PRESIDENT: The bill has been amended by the committee amendments and I recognize Senator Harris for the bill.

SENATOR HARRIS: Mr. President and members of the Legislature, I would say that this is a very simple bill and I could say that because it really is kind of a simple bill but it has a lot of impact upon the employees of the various people that are affected by the bill. I would like to point out that when there was testimony on this bill before the Retirement Committee that the Lancaster County, Nebraska Association of County Officials appeared in favor, the Nebraska Association of School Boards appeared in favor, and the Nebraska State Education Association appeared in favor. And it is a very simple concept and I will go through some of the details and if you have any questions, I will be glad to answer those questions. Basically, it allows the employees that we are addressing at this particular point in time to be treated on a preferential basis as far as tax is concerned and it is not an uncommon thing. It is allowed for in the federal tax code and it simply allows for the deferral of income tax by allowing the employer to make the full contribution. It doesn't increase the employer's contribution. It simply allows the employer to make the full contribution up front and the employee does not pay the tax on that income until a later time. It proposes a change, this bill proposes a change in the school retirement system that allows school employees to take advantage of Section 414H2 of the Internal Revenue Code which permits mandatory employee contributions to governmental retirement systems to be made on a pretax basis. So it is a pretax basis. The school employees' contributions are treated as employer contributions in determining federal tax treatment under the Internal Revenue Code. These contributions are