

LEGISLATURE OF NEBRASKA  
ONE HUNDRED FOURTH LEGISLATURE  
FIRST SESSION

**LEGISLATIVE BILL 602**

Introduced by Nebraska Retirement Systems Committee: Nordquist, 7,  
Chairperson; Davis, 43; Groene, 42; Kolowski, 31; Mello, 5.

Read first time January 21, 2015

Committee: Judiciary

- 1 A BILL FOR AN ACT relating to retirement; to amend section 24-703,
- 2 Revised Statutes Cumulative Supplement, 2014; to change provisions
- 3 relating to collection of judges retirement fees; to provide an
- 4 operative date; to repeal the original section; and to declare an
- 5 emergency.
- 6 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 24-703, Revised Statutes Cumulative Supplement,  
2 2014, is amended to read:

3 24-703 (1) Each original member shall contribute monthly four  
4 percent of his or her monthly compensation to the fund until the maximum  
5 benefit as limited in subsection (1) of section 24-710 has been earned.  
6 It shall be the duty of the Director of Administrative Services in  
7 accordance with subsection (10) of this section to make a deduction of  
8 four percent on the monthly payroll of each original member who is a  
9 judge of the Supreme Court, a judge of the Court of Appeals, a judge of  
10 the district court, a judge of a separate juvenile court, a judge of the  
11 county court, a clerk magistrate of the county court who was an associate  
12 county judge and a member of the fund at the time of his or her  
13 appointment as a clerk magistrate, or a judge of the Nebraska Workers'  
14 Compensation Court showing the amount to be deducted and its credit to  
15 the fund. The Director of Administrative Services and the State Treasurer  
16 shall credit the four percent as shown on the payroll and the amounts  
17 received from the various counties to the fund and remit the same to the  
18 director in charge of the judges retirement system who shall keep an  
19 accurate record of the contributions of each judge.

20 (2)(a) In addition to the contribution required under subdivision  
21 (c) of this subsection, beginning on July 1, 2004, each future member who  
22 has not elected to make contributions and receive benefits as provided in  
23 section 24-703.03 shall contribute monthly six percent of his or her  
24 monthly compensation to the fund until the maximum benefit as limited in  
25 subsection (2) of section 24-710 has been earned. After the maximum  
26 benefit as limited in subsection (2) of section 24-710 has been earned,  
27 such future member shall make no further contributions to the fund,  
28 except that (i) any time the maximum benefit is changed, a future member  
29 who has previously earned the maximum benefit as it existed prior to the  
30 change shall contribute monthly six percent of his or her monthly  
31 compensation to the fund until the maximum benefit as changed and as

1 limited in subsection (2) of section 24-710 has been earned and (ii) such  
2 future member shall continue to make the contribution required under  
3 subdivision (c) of this subsection.

4 (b) In addition to the contribution required under subdivision (c)  
5 of this subsection, beginning on July 1, 2004, a judge who first serves  
6 as a judge on or after such date or a future member who elects to make  
7 contributions and receive benefits as provided in section 24-703.03 shall  
8 contribute monthly eight percent of his or her monthly compensation to  
9 the fund until the maximum benefit as limited by subsection (2) of  
10 section 24-710 has been earned. In addition to the contribution required  
11 under subdivision (c) of this subsection, after the maximum benefit as  
12 limited in subsection (2) of section 24-710 has been earned, such judge  
13 or future member shall contribute monthly four percent of his or her  
14 monthly compensation to the fund for the remainder of his or her active  
15 service.

16 (c) Beginning on July 1, 2009, a member or judge described in  
17 subdivisions (a) and (b) of this subsection shall contribute monthly an  
18 additional one percent of his or her monthly compensation to the fund.

19 (d) It shall be the duty of the Director of Administrative Services  
20 to make a deduction on the monthly payroll of each such future member who  
21 is a judge of the Supreme Court, a judge of the Court of Appeals, a judge  
22 of the district court, a judge of a separate juvenile court, a judge of  
23 the county court, a clerk magistrate of the county court who was an  
24 associate county judge and a member of the fund at the time of his or her  
25 appointment as a clerk magistrate, or a judge of the Nebraska Workers'  
26 Compensation Court showing the amount to be deducted and its credit to  
27 the fund. This shall be done each month. The Director of Administrative  
28 Services and the State Treasurer shall credit the amount as shown on the  
29 payroll and the amounts received from the various counties to the fund  
30 and remit the same to the director in charge of the judges retirement  
31 system who shall keep an accurate record of the contributions of each

1 judge.

2 (3) Except as otherwise provided in this subsection, a Nebraska  
3 Retirement Fund for Judges fee of eight ~~six~~ dollars shall be taxed as  
4 costs in each (a) civil cause of action, criminal cause of action,  
5 traffic misdemeanor or infraction, and city or village ordinance  
6 violation filed in the district courts, the county courts, and the  
7 separate juvenile courts, (b) pretrial diversion in a criminal cause of  
8 action or traffic misdemeanor or infraction in such courts beginning  
9 October 1, 2015, (c) filing in the district court of an order, award, or  
10 judgment of the Nebraska Workers' Compensation Court or any judge thereof  
11 pursuant to section 48-188, (d e) appeal or other proceeding filed in the  
12 Court of Appeals, and (e d) original action, appeal, or other proceeding  
13 filed in the Supreme Court. In county courts a sum shall be charged which  
14 is equal to ten percent of each fee provided by sections 33-125,  
15 33-126.02, 33-126.03, and 33-126.06, rounded to the nearest even dollar.  
16 No judges retirement fee shall be charged for filing a report pursuant to  
17 sections 33-126.02 and 33-126.06. When collected by the clerk of the  
18 district or county court, such fees shall be paid and information  
19 submitted to the director in charge of the judges retirement system on  
20 forms prescribed by the board by the clerk within ten days after the  
21 close of each calendar quarter, except that fees related to pretrial  
22 diversion shall be paid and information submitted by the entity operating  
23 the pretrial diversion program. The board may charge a late  
24 administrative processing fee not to exceed twenty-five dollars if the  
25 information is not timely received or the money is delinquent. In  
26 addition, the board may charge a late fee of thirty-eight thousandths of  
27 one percent of the amount required to be submitted pursuant to this  
28 section for each day such amount has not been received. Such director  
29 shall promptly thereafter remit the same to the State Treasurer for  
30 credit to the fund. No Nebraska Retirement Fund for Judges fee which is  
31 uncollectible for any reason shall be waived by a county judge as

1 provided in section 29-2709.

2 (4) All expenditures from the fund shall be authorized by voucher in  
3 the manner prescribed in section 24-713. The fund shall be used for the  
4 payment of all annuities and other benefits and for the expenses of  
5 administration.

6 (5) The fund shall consist of the total fund as of December 25,  
7 1969, the contributions of members as provided in this section, all  
8 supplementary court fees as provided in subsection (3) of this section,  
9 and any required contributions of the state.

10 (6) Not later than January 1 of each year, the State Treasurer shall  
11 transfer to the fund the amount certified by the board as being necessary  
12 to pay the cost of any benefits accrued during the fiscal year ending the  
13 previous June 30 in excess of member contributions for that fiscal year  
14 and court fees as provided in subsection (3) of this section and fees  
15 pursuant to sections 25-2804, 33-103, 33-103.01, 33-106, 33-106.02,  
16 33-123, 33-125, 33-126.02, 33-126.03, and 33-126.06 and directed to be  
17 remitted to the fund, if any, for that fiscal year plus any required  
18 contributions of the state as provided in subsection (9) of this section.

19 (7) Benefits under the retirement system to members or to their  
20 beneficiaries shall be paid from the fund.

21 (8) Any member who is making contributions to the fund on December  
22 25, 1969, may, on or before June 30, 1970, elect to become a future  
23 member by delivering written notice of such election to the board.

24 (9) Not later than January 1 of each year, the State Treasurer shall  
25 transfer to the fund an amount, determined on the basis of an actuarial  
26 valuation as of the previous June 30 and certified by the board, to fully  
27 fund the unfunded accrued liabilities of the retirement system as of June  
28 30, 1988, by level payments up to January 1, 2000. Such valuation shall  
29 be on the basis of actuarial assumptions recommended by the actuary,  
30 approved by the board, and kept on file with the board. For the fiscal  
31 year beginning July 1, 2013, and each fiscal year thereafter, the actuary

1 for the board shall perform an actuarial valuation of the system using  
2 the entry age actuarial cost method. Under this method, the actuarially  
3 required funding rate is equal to the normal cost rate, plus the  
4 contribution rate necessary to amortize the unfunded actuarial accrued  
5 liability on a level percentage of salary basis. The normal cost under  
6 this method shall be determined for each individual member on a level  
7 percentage of salary basis. The normal cost amount is then summed for all  
8 members. Beginning July 1, 2006, any existing unfunded liabilities shall  
9 be reinitialized and amortized over a thirty-year period, and during each  
10 subsequent actuarial valuation, changes in the funded actuarial accrued  
11 liability due to changes in benefits, actuarial assumptions, the asset  
12 valuation method, or actuarial gains or losses shall be measured and  
13 amortized over a thirty-year period beginning on the valuation date of  
14 such change. If the unfunded actuarial accrued liability under the entry  
15 age actuarial cost method is zero or less than zero on an actuarial  
16 valuation date, then all prior unfunded actuarial accrued liabilities  
17 shall be considered fully funded and the unfunded actuarial accrued  
18 liability shall be reinitialized and amortized over a thirty-year period  
19 as of the actuarial valuation date. If the actuarially required  
20 contribution rate exceeds the rate of all contributions required pursuant  
21 to the Judges Retirement Act, there shall be a supplemental appropriation  
22 sufficient to pay for the differences between the actuarially required  
23 contribution rate and the rate of all contributions required pursuant to  
24 the Judges Retirement Act.

25 (10) The state or county shall pick up the member contributions  
26 required by this section for all compensation paid on or after January 1,  
27 1985, and the contributions so picked up shall be treated as employer  
28 contributions pursuant to section 414(h)(2) of the Internal Revenue Code  
29 in determining federal tax treatment under the code and shall not be  
30 included as gross income of the member until such time as they are  
31 distributed or made available. The contributions, although designated as

1 member contributions, shall be paid by the state or county in lieu of  
2 member contributions. The state or county shall pay these member  
3 contributions from the same source of funds which is used in paying  
4 earnings to the member. The state or county shall pick up these  
5 contributions by a compensation deduction through a reduction in the  
6 compensation of the member. Member contributions picked up shall be  
7 treated for all purposes of the Judges Retirement Act in the same manner  
8 and to the extent as member contributions made prior to the date picked  
9 up.

10       Sec. 2. This act becomes operative on July 1, 2015.

11       Sec. 3. Original section 24-703, Revised Statutes Cumulative  
12 Supplement, 2014, is repealed.

13       Sec. 4. Since an emergency exists, this act takes effect when  
14 passed and approved according to law.