

ASSEMBLY BILL NO. 119—COMMITTEE ON GOVERNMENT AFFAIRS

(ON BEHALF OF THE DEPARTMENT OF PERSONNEL)

FEBRUARY 15, 2007

Referred to Committee on Government Affairs

SUMMARY—Makes various changes to provisions governing the purchase of retirement benefits by state agencies. (BDR 23-614)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: No.

~

EXPLANATION – Matter in **bolded italics** is new; matter between brackets **[omitted material]** is material to be omitted.

AN ACT relating to public employees' retirement; revising provisions governing the purchase by a state agency of credit for service in the Public Employees' Retirement System on behalf of certain employees under certain circumstances; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Under existing law, if a state agency is required to reduce the number of its employees, the agency is required to purchase credit for service in the Public Employees' Retirement System for any employee who: (1) is eligible to purchase credit for service; (2) is eligible to retire or will be made eligible to retire by the purchase of the credit for service; (3) agrees to retire upon completion of the purchase; and (4) has been employed by the agency for 5 or more years. (NRS 286.3007) The Nevada Supreme Court has interpreted the words "eligible to retire" in this provision to mean an employee who is eligible to retire with either full or reduced benefits. (*Cable v. EICON*, 122 Nev. Adv. Op. 12, 127 P.3d 528 (2006))

Section 1 of this bill amends existing law to provide that a state agency which is required to reduce the number of its employees must purchase credit for service for an employee only when the employee is eligible to retire with a benefit that is not actuarially reduced as provided by law or would be made eligible to retire with such an unreduced benefit as a result of the purchase of credit for service. **Section 1** also amends existing law to provide that if the number of employees of a state agency is reduced as a result of legislation which provides for the privatization of



* A B 1 1 9 *

17 the agency, the agency is not required to purchase credit for service for eligible
18 employees unless the legislation expressly so provides. (NRS 286.3007)

THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 **Section 1.** NRS 286.3007 is hereby amended to read as
2 follows:

3 286.3007 Except as otherwise required as a result of
4 NRS 286.537:

5 1. A state agency may enter into an agreement to pay the cost
6 of purchasing credit for service pursuant to NRS 286.300 on behalf
7 of a member if:

8 (a) The agency enters into the agreement before the member is
9 employed;

10 (b) The member is employed upon the condition that the
11 employer pay the cost of purchasing the credit; and

12 (c) The agreement to pay the cost of purchasing the credit is in
13 writing, becomes part of the personnel records of the employee and
14 is approved in advance by the State Board of Examiners.

15 2. If a state agency is authorized to purchase credit pursuant to
16 subsection 1, it shall not do so until the member has completed 1
17 year of service in its employ.

18 3. If a state agency is required to reduce the number of its
19 employees, ~~it~~ *the state agency* shall, *except as otherwise provided*
20 *in subsection 5*, purchase credit for service pursuant to NRS
21 286.300 for any member who:

22 (a) Is eligible to purchase credit;

23 (b) Is eligible to retire *with a benefit that is not actuarially*
24 *reduced pursuant to subsection 6 of NRS 286.510* or will be made
25 eligible *to retire with a benefit that is not actuarially reduced*
26 *pursuant to subsection 6 of NRS 286.510* by the purchase of the
27 credit;

28 (c) Agrees to retire upon completion of the purchase; and

29 (d) Has been employed by the agency for 5 or more years.

30 4. If a state agency is required to purchase credit pursuant to
31 subsection 3, it shall pay 5 percent of the cost of purchasing the
32 credit and an additional 5 percent of the cost for each year that the
33 person has been employed by the agency in excess of the minimum
34 requirement of 5 years.

35 5. *If a state agency is required to reduce the number of its*
36 *employees pursuant to legislation that provides for the*
37 *privatization of the state agency in whole or in part, the privatized*
38 *agency is not required to purchase credit for service for any*



* A B 1 1 9 *

- 1 *member as described in subsection 3 unless such legislation*
- 2 *expressly provides otherwise.*
- 3 **Sec. 2.** This act becomes effective upon passage and approval.

