

CHAPTER.....

AN ACT relating to public employees' retirement; revising the calculation of contribution rates to the Public Employees' Retirement System from state employees and employers; revising the contribution rates for the separate retirement program provided by the Board of Regents of the University of Nevada; making appropriations; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing law provides that certain public employees receive retirement allowances through membership in and contributions to the Public Employees' Retirement System. (Chapter 286 of NRS) Existing law requires that: (1) the contribution rates of employees and employers to the System be adjusted every 2 years based on the actuarially determined contribution rate indicated in the biennial actuarial valuation and report of the immediately preceding year, unless the existing rate is higher or lower than the actuarially determined rate by a specified percentage; and (2) the employee and employer are responsible for an equal portion of any increase or decrease in the contribution rate. (NRS 286.410, 286.421, 286.450) **Section 5** of this bill revises the contribution rate for an employee of a participating state agency from a rate equal to that paid by the employer to one-half of the normal cost that is actuarially determined for police officers and firefighters and for regular members, depending on the retirement fund in which the member is participating. **Section 7** of this bill revises the employer contribution rate for a participating state agency to be the total contribution rate actuarially determined for police officers and firefighters and for regular members, depending on the retirement fund in which the member is participating, less the employee contribution rate of one-half of the normal costs determined pursuant to **section 5**. **Sections 5 and 7** also provide for the rounding of any adjusted contribution rate to the nearest one-quarter of 1 percent.

Section 6 of this bill makes conforming changes to the Public Employees' Retirement System to require, for purposes of the adjustment of salary increases and cost-of-living increases or of salary reductions, that the division of total contributions be determined in the same manner as provided for determining the employee and employer contribution rates.

Section 3 of this bill defines the term "normal costs" as that portion of the present value of projected benefits that is attributable to the current year of service, as determined by an actuary of the System. **Section 4** of this bill defines the term "participating state agency" to mean the following public employers that participate in the System: (1) an agency, bureau, board, commission, department, division, officer or other unit of the Executive Branch of the State Government, the Nevada System of Higher Education and the Public Employees' Retirement System; (2) the Legislative Branch of the State Government; and (3) the Judicial Branch of the State Government.

Existing law requires the Board of Regents of the University of Nevada to provide a retirement program separate from the Public Employees' Retirement System which provides retirement benefits for members of the professional staff. (NRS 286.802) Existing law further requires the Board of Regents and a participant in the retirement program to each contribute an amount equal to 10 percent of the participant's gross compensation, but those contributions must not be less than the



contributions made for the Public Employees' Retirement System. (NRS 286.808) **Section 8** of this bill eliminates that threshold and increases to 17.5 percent of a participant's gross compensation the amount that the Board of Regents and each participant is required to contribute to the retirement program.

Sections 9-13 of this bill make appropriations for the purpose of meeting any deficiencies between the money appropriated to the departments, commissions and agencies of the State of Nevada for the 2023-2025 biennium and the increase in employer contributions to the Public Employees' Retirement System pursuant to this bill.

EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~for mitted material~~ is material to be omitted.

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

Section 1. Chapter 286 of NRS is hereby amended by adding thereto the provisions set forth as sections 2, 3 and 4 of this act.

Sec. 2. *As used in NRS 286.410 to 286.462, inclusive, and sections 2, 3 and 4 of this act, unless the context otherwise requires, the words and terms defined in sections 3 and 4 of this act have the meanings ascribed to them in those sections.*

Sec. 3. *“Normal cost” means that portion of the present value of projected benefits that is attributable to the current year of service, as determined by an actuary of the System.*

Sec. 4. *“Participating state agency” means the following public employers that participate in the System:*

1. An agency, bureau, board, commission, department, division, officer or other unit of the Executive Branch of the State Government. The term includes the Nevada System of Higher Education and the Public Employees' Retirement System.

2. The Legislative Branch of the State Government.

3. The Judicial Branch of the State Government.

Sec. 5. NRS 286.410 is hereby amended to read as follows:

286.410 1. ~~[The]~~ *Except as otherwise provided in subsection 3, the* employee contribution rate must be:

(a) The matching contribution rate for employees and employers that is actuarially determined for police officers and firefighters and for regular members, depending upon the retirement fund in which the member is participating.

(b) Except as otherwise provided in subsection 2, adjusted on the first monthly retirement reporting period commencing on or after July 1 of each odd-numbered year based on the actuarially determined contribution rate indicated in the biennial actuarial valuation and report of the immediately preceding year. The



adjusted rate must be rounded to the nearest one-quarter of 1 percent.

2. ~~[The]~~ *Except as provided in subsection 4, the* employee's portion of the matching contribution rate for employees and employers must not be adjusted in accordance with the provisions of paragraph (b) of subsection 1 if:

(a) The existing rate is lower than the actuarially determined rate but within one-quarter of 1 percent of the actuarially determined rate.

(b) The existing rate is higher than the actuarially determined rate but is within 1 percent of the actuarially determined rate. If the existing rate is more than 1 percent higher than the actuarially determined rate, the existing rate must be reduced by the amount by which it exceeds 1 percent above the actuarially determined rate.

3. *The employee contribution rate for a member who is an employee of a participating state agency must be:*

(a) *One-half of the normal cost that is actuarially determined for police officers and firefighters and for regular members, depending on the retirement fund in which the member is participating.*

(b) *Except as otherwise provided in subsection 4, adjusted on the first monthly retirement reporting period commencing on or after July 1 of each odd-numbered year based on the actuarially determined contribution rate of one-half the normal cost as indicated in the biennial actuarial valuation and report of the immediately preceding year. The adjusted rate must be rounded to the nearest one-quarter of 1 percent.*

4. *The employee's portion of the contribution rate for employees of a participating state agency and employers must not be adjusted in accordance with the provisions of paragraph (b) of subsection 3 if:*

(a) *The existing rate is lower than the actuarially determined rate but within one-quarter of 1 percent of the actuarially determined rate.*

(b) *The existing rate is higher than the actuarially determined rate but is within 1 percent of the actuarially determined rate. If the existing rate is more than 1 percent higher than the actuarially determined rate, the existing rate must be reduced by the amount by which it exceeds 1 percent above the actuarially determined rate.*

5. From each payroll during the period of the employee's membership, the employer shall deduct the amount of the member's contributions and transmit the deduction to the Board at intervals



designated and upon forms prescribed by the Board. The contributions must be paid on compensation earned by a member from the member's first day of service.

~~14.1~~ **6.** Any employee whose position is determined after July 1, 1971, to be eligible under the early retirement provisions for police officers and firefighters shall contribute the additional contributions required of police officers and firefighters from July 1, 1971, to the date of the employee's enrollment under the Police and Firefighters' Retirement Fund, if employment in this position occurred before July 1, 1971, or from date of employment in this position to the date of the employee's enrollment under the Police and Firefighters' Retirement Fund, if employment occurs later.

~~15.1~~ **7.** Except as otherwise provided in NRS 286.430, the System shall guarantee to each member the return of at least the total employee contributions which the member has made and which were credited to the member's individual account. These contributions may be returned to the member, the member's estate or beneficiary or a combination thereof in monthly benefits, a lump-sum refund or both.

~~16.1~~ **8.** Members with disabilities who are injured on the job and receive industrial insurance benefits for temporary total disability remain contributing members of the System for the duration of the benefits if and while the public employer continues to pay the difference between these benefits and the member's regular compensation. The public employer shall pay the employer contributions on these benefits.

Sec. 6. NRS 286.421 is hereby amended to read as follows:

286.421 1. A public employer that elected to pay on behalf of its employees the contributions required by subsection 1 of NRS 286.410 before July 1, 1983, shall continue to do so, but a public employer may not elect to pay those contributions on behalf of its employees on or after July 1, 1983.

2. An employee of a public employer that did not elect to pay on behalf of its employees the contributions required by subsection 1 of NRS 286.410 before July 1, 1983, may elect to:

(a) Pay the contribution required by subsection 1 **or 3** of NRS 286.410 **, as applicable**, on the employee's own behalf; or

(b) Have the employee's portion of the contribution paid by the employee's employer pursuant to the provisions of NRS 286.425.

3. Except for any person chosen by election or appointment to serve in an elective office of a political subdivision or as a district judge, a judge of the Court of Appeals or a justice of the Supreme Court of this State:



(a) Payment of the employee's portion of the contributions pursuant to subsection 1 **or paragraph (b) of subsection 2** must be:

(1) Made in lieu of equivalent basic salary increases or cost-of-living increases, or both; or

(2) Counterbalanced by equivalent reductions in employees' salaries.

(b) The average compensation from which the amount of benefits payable pursuant to this chapter is determined must be increased with respect to each month beginning after June 30, 1975, by 50 percent of the contribution made by the public employer, and must not be less than it would have been if contributions had been made by the member and the public employer separately. In the case of any officer or judge described in this subsection, any contribution made by the public employer on the officer's or judge's behalf does not affect the officer's or judge's compensation but is an added special payment.

4. Employee contributions made by a public employer must be deposited in either the Public Employees' Retirement Fund or the Police and Firefighters' Retirement Fund as is appropriate. These contributions must not be credited to the individual account of the member and may not be withdrawn by the member upon the member's termination.

5. The membership of an employee who became a member on or after July 1, 1975, and all contributions on whose behalf were made by the member's public employer must not be cancelled upon the termination of the member's service.

6. If an employer is paying the basic contribution on behalf of an employee, the total contribution rate, in lieu of the amounts required by subsection 1 **or 3** of NRS 286.410 , **as applicable**, and NRS 286.450, must be:

(a) The total contribution rate for employers that is actuarially determined for police officers and firefighters and for regular members, depending upon the retirement fund in which the member is participating.

(b) Except as otherwise provided in subsection 7, adjusted on the first monthly retirement reporting period commencing on or after July 1 of each odd-numbered year based on the actuarially determined contribution rate indicated in the biennial actuarial valuation and report of the immediately preceding year. The adjusted rate must be rounded to the nearest one-quarter of 1 percent.



7. The total contribution rate for employers must not be adjusted in accordance with the provisions of paragraph (b) of subsection 6 if:

(a) The existing rate is lower than the actuarially determined rate but is within one-half of 1 percent of the actuarially determined rate.

(b) The existing rate is higher than the actuarially determined rate but is within 2 percent of the actuarially determined rate. If the existing rate is more than 2 percent higher than the actuarially determined rate, the existing rate must be reduced by the amount by which it exceeds 2 percent above the actuarially determined rate.

8. For the purposes of adjusting salary increases and cost-of-living increases or of salary reduction ~~it~~:

(a) For a member who is employed by a public employer that is not a participating state agency, the total contribution must be equally divided between employer and employee.

(b) For a member who is employed by a public employer that is a participating state agency, the total contribution must be divided between the participating state agency and employee in the same manner as the employee contribution rate is determined pursuant to subsection 3 of NRS 286.410 and the employer contribution rate is determined pursuant to section 2 of NRS 286.450.

9. Public employers other than the State of Nevada shall pay the entire employee contribution for those employees who contribute to the Police and Firefighters' Retirement Fund on and after July 1, 1981.

Sec. 7. NRS 286.450 is hereby amended to read as follows:

286.450 1. ~~The~~ *Except as otherwise provided in subsection 3, the* employer contribution rate must be:

(a) The matching contribution rate for employees and employers that is actuarially determined for police officers and firefighters and for regular members, depending upon the retirement fund in which the member is participating.

(b) Except as otherwise provided in subsection 2, adjusted on the first monthly retirement reporting period commencing on or after July 1 of each odd-numbered year based on the actuarially determined contribution rate indicated in the biennial actuarial valuation and report of the immediately preceding year. The adjusted rate must be rounded to the nearest one-quarter of 1 percent.

2. ~~The~~ *Except as otherwise provided in subsection 4, the* employer's portion of the matching contribution rate for employees and employers must not be adjusted in accordance with the provisions of paragraph (b) of subsection 1 if:



(a) The existing rate is lower than the actuarially determined rate but is within one-quarter of 1 percent of the actuarially determined rate.

(b) The existing rate is higher than the actuarially determined rate but is within 1 percent of the actuarially determined rate. If the existing rate is more than 1 percent higher than the actuarially determined rate, the existing rate must be reduced by the amount by which it exceeds 1 percent above the actuarially determined rate.

3. The employer contribution rate for a participating state agency must be:

(a) The total contribution rate that is actuarially determined for police officers and firefighters and for regular members, depending on the retirement fund in which the member is participating, less the employee contribution rate as determined by paragraph (a) of subsection 3 of NRS 286.410.

(b) Except as otherwise provided in subsection 4, adjusted on the first monthly retirement reporting period commencing on or after July 1 of each odd-numbered year based on the actuarially determined normal cost as indicated in the biennial actuarial valuation and report of the immediately preceding year. The adjusted rate must be rounded to the nearest one-quarter of 1 percent.

4. The employer's portion of the contribution rate for employees of a participating state agency and employers who are participating state agencies must not be adjusted in accordance with the provisions of paragraph (b) of subsection 3 if:

(a) The existing rate is lower than the actuarially determined rate but is within one-quarter of 1 percent of the actuarially determined rate.

(b) The existing rate is higher than the actuarially determined rate but is within 1 percent of the actuarially determined rate. If the existing rate is more than 1 percent higher than the actuarially determined rate, the existing rate must be reduced by the amount by which it exceeds 1 percent above the actuarially determined rate.

Sec. 8. NRS 286.808 is hereby amended to read as follows:

286.808 1. The Board of Regents of the University of Nevada shall contribute on behalf of each participant an amount equal to ~~10~~ 17.5 percent of the participant's gross compensation during continuance of employment. Each participant shall also contribute ~~10~~ 17.5 percent of the participant's gross compensation ~~. [but the contributions required by this section must not be less than those authorized by NRS 286.410 and 286.450.]~~ Payment of



the contributions required by this section must be made by the disbursing officer for the Nevada System of Higher Education to the designated investment entities for the benefit of each participant.

2. The Board of Regents of the University of Nevada may, on behalf of each participant, pay the contribution required to be paid by the participant in subsection 1. Any such payment must be:

(a) Made in lieu of an equivalent increase in the basic salary or in the cost of living for the participant, or both; or

(b) Counterbalanced by an equivalent reduction in the participant's salary.

Sec. 9. 1. Except as otherwise provided in this section and sections 10, 11 and 12 of this act, there is hereby appropriated from the State General Fund to the State Board of Examiners for the purpose of meeting any deficiencies which may be created between the money appropriated to the departments, commissions and agencies of the State of Nevada, including, without limitation, the Commission on Judicial Discipline, as fixed by the 82nd Session of the Nevada Legislature, and the requirements for increasing the employer contributions to the Public Employees' Retirement System pursuant to this act, the following sums:

For the Fiscal Year 2023-2024..... \$58,342,302

For the Fiscal Year 2024-2025..... \$63,410,225

2. There is hereby appropriated from the State General Fund to the State Board of Examiners the sum of \$12,934,788 for Fiscal Year 2023-2024 for reimbursement to any department, commission or agency of the State of Nevada whose positions are included in the Executive Budget, as provided by the 82nd Session of the Nevada Legislature, and whose budget accounts have authorized reserves or retained earnings, for the purpose of meeting any deficiencies which may be created between the authorized money of the respective departments, commissions and agencies of the State of Nevada, as fixed by the 82nd Session of the Nevada Legislature, and the requirements for increasing the employer contributions to the Public Employee's Retirement System pursuant to this act.

3. There is hereby appropriated from the State General Fund to the State Board of Examiners the sum of \$12,483,068 for Fiscal Year 2023-2024 for reimbursement to any department, commission or agency of the State of Nevada whose positions are included in the Executive Budget, as provided by the 82nd Session of the Nevada Legislature, and whose budget accounts do not have authorized reserves or retained earnings and do not receive any appropriations from the State General Fund or the State Highway Fund, for the purpose of meeting any deficiencies which may be created between



the authorized money of the respective departments, commissions and agencies of the State of Nevada, as fixed by the 82nd Session of the Nevada Legislature, and the requirements for increasing the employer contributions to the Public Employee's Retirement System pursuant to this act.

4. Any remaining balance of the sums appropriated by subsections 1, 2 and 3 and, if applicable, transferred pursuant to this subsection, at the end of Fiscal Year 2023-2024 must be carried forward to Fiscal Year 2024-2025 to be used for the same purpose. The sums appropriated by subsection 1 for Fiscal Year 2024-2025 may be transferred from Fiscal Year 2024-2025 to Fiscal Year 2023-2024 with the approval of the Interim Finance Committee upon the recommendation of the Governor.

5. Any remaining balance of the appropriations made by this section must not be committed for expenditure after June 30, 2025, by the entity to which the appropriation is made or any entity to which money from the appropriation is granted or otherwise transferred in any manner, and any portion of the appropriated money remaining must not be spent for any purpose after September 19, 2025, by either the entity to which the money was appropriated or the entity to which the money was subsequently granted or transferred, and must be reverted to the State General Fund on or before September 19, 2025.

Sec. 10. 1. There is hereby appropriated from the State General Fund to the Judicial Department Staff Salaries budget account for the purpose of meeting any deficiencies which may be created between the money appropriated to the Judicial Department Staff Salaries budget account, as fixed by the 82nd Session of the Nevada Legislature, and the requirements for increasing the employer contributions to the Public Employees' Retirement System pursuant to this act the following sums:

For the Fiscal Year 2023-2024.....	\$1,568,795
For the Fiscal Year 2024-2025.....	\$1,734,157

2. Any balance of the sums appropriated by subsection 1 remaining at the end of the respective fiscal years must not be committed for expenditure after June 30 of the respective fiscal years by the entity to which the appropriation is made or any entity to which money from the appropriation is granted or otherwise transferred in any manner, and any portion of the appropriated money remaining must not be spent for any purpose after September 20, 2024, and September 19, 2025, respectively, by either the entity to which the money was appropriated or the entity to which the money was subsequently granted or transferred, and



must be reverted to the State General Fund on or before September 20, 2024, and September 19, 2025, respectively.

Sec. 11. There is hereby appropriated from the State General Fund to the Legislative Fund created by NRS 218A.150 for the purpose of meeting any deficiencies which may be created between the money appropriated to the Legislative Fund, as fixed by the 82nd Session of the Nevada Legislature, and the requirements for increasing the employer contributions to the Public Employees' Retirement System pursuant to this act the following sums:

For the Fiscal Year 2023-2024..... \$3,195,140

For the Fiscal Year 2024-2025..... \$3,519,302

Sec. 12. 1. There is hereby appropriated from the State General Fund to the State Board of Examiners for the purpose of meeting any deficiencies which may be created between the money appropriated to the Nevada System of Higher Education, as fixed by the 82nd Session of the Nevada Legislature, and the requirements for increasing the employer contributions to the Public Employees' Retirement System pursuant to this act the following sums:

For the Fiscal Year 2023-2024..... \$16,552,651

For the Fiscal Year 2024-2025..... \$17,000,141

2. Any remaining balance of the sums appropriated by subsection 1 at the end of Fiscal Year 2023-2024 must be carried forward to Fiscal Year 2024-2025 to be used for the same purpose. Any remaining balance of the sums appropriated by subsection 1 at the end of Fiscal Year 2024-2025 must not be committed for expenditure after June 30, 2025, by the entity to which the appropriation is made or any entity to which money from the appropriation is granted or otherwise transferred in any manner, and any portion of the appropriated money remaining must not be spent for any purpose after September 19, 2025, by either the entity to which the money was appropriated or the entity to which the money was subsequently granted or transferred, and must be reverted to the State General Fund on or before September 19, 2025.

Sec. 13. 1. There is hereby appropriated from the State Highway Fund to the State Board of Examiners for the purpose of meeting any deficiencies which may be created between the money appropriated to the departments, commissions and agencies of the State of Nevada, as fixed by the 82nd Session of the Nevada Legislature, and the requirements for increasing the employer contributions to the Public Employees' Retirement System pursuant to this act the following sums:

For the Fiscal Year 2023-2024..... \$19,263,280

For the Fiscal Year 2024-2025..... \$20,703,524



2. Any remaining balance of the sums appropriated by subsection 1 and, if applicable, transferred pursuant to this subsection, at the end of Fiscal Year 2023-2024 must be carried forward to Fiscal Year 2024-2025 to be used for the same purpose. The sums appropriated by subsection 1 for Fiscal Year 2024-2025 may be transferred from Fiscal Year 2024-2025 to Fiscal Year 2023-2024 with the approval of the Interim Finance Committee upon the recommendation of the Governor.

3. Any remaining balance of the appropriations made by this section must not be committed for expenditure after June 30, 2025, by the entity to which the appropriation is made or any entity to which money from the appropriation is granted or otherwise transferred in any manner, and any portion of the appropriated money remaining must not be spent for any purpose after September 19, 2025, by either the entity to which the money was appropriated or the entity to which the money was subsequently granted or transferred, and must be reverted to the State Highway Fund on or before September 19, 2025.

Sec. 14. This act becomes effective on July 1, 2023.

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