

---

---

ASSEMBLY BILL NO. 480—COMMITTEE ON  
GOVERNMENT AFFAIRS

MARCH 24, 2003

---

Referred to Committee on Government Affairs

SUMMARY—Revises provisions regarding Public Employees’ Retirement System. (BDR 23-8)

FISCAL NOTE: Effect on Local Government: Yes.  
Effect on the State: Yes.

CONTAINS UNFUNDED MANDATE (§ 2)  
(NOT REQUESTED BY AFFECTED LOCAL GOVERNMENT)

~

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

---

---

AN ACT relating to the Public Employees’ Retirement System; revising the provisions regarding the purchase of service credit; revising the formula for calculating monthly service retirement allowances; and providing other matters properly relating thereto.

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

- 1     **Section 1.** NRS 286.300 is hereby amended to read as follows:  
2     286.300 Except as otherwise required as a result of  
3     NRS 286.537:  
4     1. Any member of the System may, except as otherwise  
5     provided in subsection ~~4,~~ 5, purchase all previous creditable  
6     service performed with his present employing agency if that service  
7     was performed before the enrollment of his agency in the System,  
8     even if the service is still creditable in some other system where it  
9     cannot be cancelled. The public employer must certify the inclusive  
10    dates of employment and number of hours regularly worked by the  
11    member to validate the service. The member must pay the full  
12    actuarial cost as determined by the actuary.  
13    2. In addition to the purchase authorized pursuant to the  
14    provisions of subsection 1, any member who has 5 years of



1 creditable service may, except as otherwise provided in subsection  
2 ~~[4.] 5~~, purchase up to ~~[5.] 6~~ years of service. The member must pay  
3 the full actuarial cost of the service as determined by an actuary of  
4 the System.

5 3. *In addition to the purchases authorized pursuant to the*  
6 *provisions of subsections 1 and 2, any member who has at least 20*  
7 *years of creditable service may, except as otherwise provided in*  
8 *subsection 5, purchase service credit for not more than 5 years of*  
9 *service he had in any of the following, if that service is not*  
10 *recognized by any other retirement plan:*

- 11 (a) *As an employee of:*  
12 (1) *The Federal Government;*  
13 (2) *Another state government;*  
14 (3) *A local government or other political subdivision of this*  
15 *or any other state;*  
16 (4) *Any combination of subparagraphs (1), (2) and (3).*  
17 (b) *As an employee of a qualified educational institution.*  
18 (c) *For military service other than as required under the*  
19 *Uniformed Services Employment and Reemployment Rights Act,*  
20 *38 U.S.C. §§ 4301 et seq.*

21 4. In addition to the purchase authorized pursuant to the  
22 provisions of subsection 1, any member who:

- 23 (a) Is a licensed teacher;  
24 (b) Has 5 years of creditable service;  
25 (c) Is, pursuant to statute, regulation or contract, entitled to  
26 payment for unused sick leave; and  
27 (d) Is employed by the board of trustees of a school district that  
28 has, pursuant to subsection 5 of NRS 391.180, provided for the  
29 payment of unused sick leave in the form of purchase of  
30 service,

31 may, except as otherwise provided in subsection ~~[4.] 5~~, cause to be  
32 purchased on his behalf service credit, not to exceed the number of  
33 hours of unused sick leave or 1 year, whichever is less. The full  
34 actuarial cost of the service as determined by an actuary of the  
35 System must be paid for such a purchase. Any service credit  
36 purchased pursuant to this subsection must be included as a part of,  
37 and is not in addition to, service purchased pursuant to subsection 2.

38 ~~[4.] 5~~. A person who becomes a member of the System for the  
39 first time on or after January 1, 2000, may, on or after July 1, 2001,  
40 purchase creditable service pursuant to subsection 1 or 2, or cause to  
41 be purchased on his behalf service credit pursuant to subsection ~~[3.]~~  
42 ~~4~~, only if, at the time of the purchase, he is employed by a  
43 participating public employer in a position whose occupant is  
44 thereby eligible for membership in the System.

45 ~~[5.] 6~~. Any member of the System may use:



1 (a) All or any portion of the balance of the member's interest in  
2 a qualified trust pursuant to section 401(a) of the Internal Revenue  
3 Code, 26 U.S.C. § 401(a); or

4 (b) The money contained in an individual retirement account or  
5 an individual retirement annuity of a member, the entire amount of  
6 which is:

7 (1) Attributable to a qualified distribution from a qualified  
8 trust pursuant to section 401(a) of the Internal Revenue Code, 26  
9 U.S.C. § 401(a); and

10 (2) Qualified as an eligible rollover distribution pursuant to  
11 section 402 of the Internal Revenue Code, 26 U.S.C. § 402,  
12 to purchase creditable service pursuant to subsection 1 or 2.

13 ~~6.7~~ 7. A member of the System who purchases creditable  
14 service pursuant to subsection 1 or 2 is entitled to receive a refund  
15 of any contributions paid toward the purchase of the service only if  
16 he is no longer in the employ of a participating public employer.

17 ~~7.7~~ 8. If a member of the System enters into an agreement  
18 whereby he agrees to pay for the purchase of service credit in  
19 installments and he defaults on that agreement, the member is  
20 entitled to receive service credit in the proportion that the principal  
21 paid bears to the principal due under the agreement.

22 **Sec. 2.** NRS 286.551 is hereby amended to read as follows:

23 286.551 Except as otherwise required as a result of NRS  
24 286.535 or 286.537:

25 1. Except as otherwise provided in this subsection, a monthly  
26 service retirement allowance must be determined by multiplying a  
27 member's average compensation by 2.5 percent for each year of  
28 service earned before July 1, 2001, ~~and~~ 2.67 percent for each year  
29 of service earned on or after July 1, 2001, *and before July 1, 2003,*  
30 *and 2.75 percent for each year of service earned on or after July 1,*  
31 *2003*, except that a member:

32 (a) Who has an effective date of membership on or after July 1,  
33 1985, is entitled to a benefit of not more than 75 percent of his  
34 average compensation with his eligibility for service credit ceasing  
35 at 30 years of service.

36 (b) Who has an effective date of membership before July 1,  
37 1985, and retires on or after July 1, 1977, is entitled to a benefit of  
38 not more than 90 percent of his average compensation with his  
39 eligibility for service credit ceasing at 36 years of service.

40 In no case may the service retirement allowance determined  
41 pursuant to this section be less than the allowance to which the  
42 retired employee would have been entitled pursuant to the  
43 provisions of this section which were in effect on the day before  
44 July 3, 1991.



1 2. For the purposes of this section, except as otherwise  
2 provided in subsection 3, "average compensation" means the  
3 average of a member's 36 consecutive months of highest  
4 compensation as certified by the public employer.

5 3. The average compensation of a member who has a break in  
6 service or partial months of compensation, or both, as a result of  
7 service as a Legislator during a regular or special session of the  
8 Nevada Legislature must be calculated on the basis of the average of  
9 his 36 consecutive months of highest compensation as certified by  
10 his public employer excluding each month during any part of which  
11 the Legislature was in session. This subsection does not affect the  
12 computation of years of service.

13 4. The retirement allowance for a regular part-time employee  
14 must be computed from the salary which he would have received as  
15 a full-time employee if it results in greater benefits for the  
16 employee. A regular part-time employee is a person who works half  
17 time or more, but less than full time:

18 (a) According to the regular schedule established by the  
19 employer for his position; and

20 (b) Pursuant to an established agreement between the employer  
21 and the employee.

22 **Sec. 3.** NRS 391.180 is hereby amended to read as follows:

23 391.180 1. As used in this section, "employee" means any  
24 employee of a school district or charter school in this state.

25 2. A school month in any public school in this state consists of  
26 4 weeks of 5 days each.

27 3. Nothing contained in this section prohibits the payment of  
28 employees' compensation in 12 equal monthly payments for 9 or  
29 more months' work.

30 4. The per diem deduction from the salary of an employee  
31 because of absence from service for reasons other than those  
32 specified in this section is that proportion of the yearly salary which  
33 is determined by the ratio between the duration of the absence and  
34 the total number of contracted workdays in the year.

35 5. Boards of trustees shall either prescribe by regulation or  
36 negotiate pursuant to chapter 288 of NRS, with respect to sick leave,  
37 accumulation of sick leave, payment for unused sick leave,  
38 sabbatical leave, personal leave, professional leave, military leave  
39 and such other leave as they determine to be necessary or desirable  
40 for employees. In addition, boards of trustees may either prescribe  
41 by regulation or negotiate pursuant to chapter 288 of NRS with  
42 respect to the payment of unused sick leave to licensed teachers in  
43 the form of purchase of service pursuant to subsection ~~3~~ 4 of NRS  
44 286.300. The amount of service so purchased must not exceed the  
45 number of hours of unused sick leave or 1 year, whichever is less.



1       6. The salary of any employee unavoidably absent because of  
2 personal illness or accident, or because of serious illness, accident or  
3 death in the family, may be paid up to the number of days of sick  
4 leave accumulated by the employee. An employee may not be  
5 credited with more than 15 days of sick leave in any 1 school year.  
6 Except as otherwise provided in this subsection, if an employee  
7 takes a position with another school district or charter school, all  
8 sick leave that he has accumulated must be transferred from his  
9 former school district or charter school to his new school district or  
10 charter school. The amount of sick leave so transferred may not  
11 exceed the maximum amount of sick leave which may be carried  
12 forward from one year to the next according to the applicable  
13 negotiated agreement or the policy of the district or charter school  
14 into which the employee transferred. Unless the applicable  
15 negotiated agreement or policy of the employing district or charter  
16 school provides otherwise, such an employee:

17       (a) Shall first use the sick leave credited to the employee from  
18 the district or charter school into which he transferred before using  
19 any of the transferred leave; and

20       (b) Is not entitled to compensation for any sick leave transferred  
21 pursuant to this subsection.

22       7. Subject to the provisions of subsection 8:

23       (a) If an intermission of less than 6 days is ordered by the board  
24 of trustees of a school district or the governing body of a charter  
25 school for any good reason, no deduction of salary may be made  
26 therefor.

27       (b) If, on account of sickness, epidemic or other emergency in  
28 the community, a longer intermission is ordered by the board of  
29 trustees of a school district, the governing body of a charter school  
30 or a board of health and the intermission or closing does not exceed  
31 30 days at any one time, there may be no deduction or  
32 discontinuance of salaries.

33       8. If the board of trustees of a school district or the governing  
34 body of a charter school orders an extension of the number of days  
35 of school to compensate for the days lost as the result of an  
36 intermission because of those reasons contained in paragraph (b) of  
37 subsection 7, an employee may be required to render his services to  
38 the school district or charter school during that extended period. If  
39 the salary of the employee was continued during the period of  
40 intermission as provided in subsection 7, the employee is not  
41 entitled to additional compensation for services rendered during the  
42 extended period.

43       9. If any subject referred to in this section is included in an  
44 agreement or contract negotiated by:



1 (a) The board of trustees of a school district pursuant to chapter  
2 288 of NRS; or

3 (b) The governing body of a charter school pursuant to  
4 NRS 386.595,  
5 the provisions of the agreement or contract regarding that subject  
6 supersede any conflicting provisions of this section or of a  
7 regulation of the board of trustees.

8 **Sec. 4.** This act becomes effective on July 1, 2003.

Ⓢ

