

QUESTION NO. 1

Amendment to the Nevada Constitution

Assembly Joint Resolution No. 19 of the 67th Session

CONDENSATION (ballot question)

Shall the Nevada Constitution be amended to place additional restrictions on the use of money paid to fund and administer the public employees' retirement system and to establish and prescribe the duties of the governing board for that system?

Yes

No

EXPLANATION

A public employees' retirement system has been established in Nevada by law. The Nevada Constitution requires money paid to fund and administer the system to be used for no other purposes. The proposed amendment would further prohibit such money from being loaned to the state or invested to purchase bonds issued by the state. It would also establish in the constitution the following requirements:

1. That the system be governed by a board;
2. That the board must employ an executive director and an independent actuary to calculate certain statistics related to contribution rates, benefits, and required reserves; and
3. That the board adopt actuarial assumptions used to compute retirement benefits based upon these calculations.

ARGUMENTS FOR PASSAGE

Approval of this proposal would prevent the State of Nevada from borrowing or otherwise taking money from the retirement funds of public employees. Other states have encountered serious problems in the aftermath of such borrowing. Funds committed for the retirement of public employees must be protected.

ARGUMENTS AGAINST PASSAGE

Approval of this proposal would prohibit the state from using the money in this segregated trust fund, even during a financial crisis. In addition, the State of Nevada has never used money from the retirement funds of public employees to pay its debts.

FISCAL NOTE

Financial Impact - No. The proposal to amend the Nevada Constitution would prescribe additional restrictions on the use of money paid to fund and administer the Public Employees' Retirement System and would not result in an adverse fiscal effect.

FULL TEXT OF THE MEASURE

ASSEMBLY JOINT RESOLUTION—Proposing to amend the constitution of the State of Nevada to prescribe additional restrictions on the public employees' retirement system.

RESOLVED BY THE ASSEMBLY AND SENATE OF THE STATE OF NEVADA, JOINTLY, That section 2 of article 9 of the constitution of the State of Nevada be amended to read as follows:

Sec. 2. 1. The legislature shall provide by law for an annual tax sufficient to defray the estimated expenses of the state for each fiscal year; and whenever the expenses of any year [shall] exceed the income, the legislature shall provide for

levying a tax sufficient, with other sources of income, to pay the deficiency, as well as the estimated expenses of such ensuing year or two years.

2. Any [moneys] *money* paid for the purpose of providing compensation for industrial accidents and occupational diseases, and for administrative expenses incidental thereto, and for the purpose of funding and administering a public employees' retirement system, [shall] *must* be segregated in proper accounts in the state treasury, and such [moneys shall] *money must* never be used for any other purposes, and they are hereby declared to be trust funds for the uses and purposes herein specified.

3. *Any money paid for the purpose of funding and administering a public employees' retirement system must not be loaned to the state or invested to purchase any obligations of the state.*

4. *The public employees' retirement system must be governed by a public employees' retirement board. The board shall employ an executive officer who serves at the pleasure of the board. In addition to any other employees authorized by the board, the board shall employ an independent actuary. The board shall adopt actuarial assumptions based upon the recommendations made by the independent actuary it employs.*

