

## HOUSE BILL No. 2380

By Committee on Appropriations

2-26

1 AN ACT concerning retirement and pensions; relating to the Kansas public  
2 employees retirement system and systems thereunder; postretirement  
3 benefit payments; amending K.S.A. 2012 Supp. 74-4920 and repealing  
4 the existing section.  
5

6 *Be it enacted by the Legislature of the State of Kansas:*

7 New Section 1. (a) The retirement benefit, pension or annuity  
8 payments to each retirant who retires under the provisions of K.S.A. 79-  
9 4901 et seq., and amendments thereto, shall be increased as follows: (1)  
10 Commencing July 1, 2013, by an amount equal to 1% of the retirement  
11 benefit, pension or annuity in effect on July 1, 2013; (2) commencing July  
12 1, 2014, by an amount equal to 1% or an additional 1% for those retirants  
13 who received the increase in paragraph (1) of the retirement benefit,  
14 pension or annuity in effect on July 1, 2014; and (3) commencing July 1,  
15 2015, by an amount equal to 1% or an additional 1% for those retirants  
16 who received the increase in paragraph (1) or (2), or both, of the retirement  
17 benefit, pension or annuity in effect on July 1, 2015. Such payment  
18 increase shall be paid by the system to the retirant during any such period.

19 (b) As used in this section:

20 (1) "Retirant" means: (A) Any person who is a member or special  
21 member of the retirement system pursuant to the provisions of K.S.A. 74-  
22 4901 et seq., and amendments thereto, and for the payment increase  
23 commencing on July 1, 2013, who retired prior to July 1, 2012; for the  
24 payment increase commencing on July 1, 2014, who retired prior to July 1,  
25 2013; and for the payment increase commencing on July 1, 2015, who  
26 retired prior to July 1, 2014; and (B) any person who is a joint annuitant or  
27 beneficiary of any member described in clause (A); and

28 (2) "Kansas public employees retirement system" means the Kansas  
29 public employees retirement system, the Kansas police and firemen's  
30 retirement system, the state school retirement system and the retirement  
31 system for judges.

32 Sec. 2. K.S.A. 2012 Supp. 74-4920 is hereby amended to read as  
33 follows: 74-4920.(1) (a) Upon the basis of each annual actuarial valuation  
34 and appraisal as provided for in subsection (3)(a) of K.S.A. 74-4908, and  
35 amendments thereto, the board shall certify, on or before July 15 of each  
36 year, to the division of the budget in the case of the state and to the agent

1 for each other participating employer an actuarially determined estimate of  
2 the rate of contribution which will be required, together with all  
3 accumulated contributions and other assets of the system, to be paid by  
4 each such participating employer to pay all liabilities which shall exist or  
5 accrue under the system, including amortization of the actuarial accrued  
6 liability as determined by the board. The board shall determine the  
7 actuarial cost method to be used in annual actuarial valuations, to  
8 determine the employer contribution rates that shall be certified by the  
9 board. Such certified rate of contribution, amortization methods and  
10 periods and actuarial cost method shall be based on the standards set forth  
11 in subsection (3)(a) of K.S.A. 74-4908, and amendments thereto, and shall  
12 not be based on any other purpose outside of the needs of the system.

13 (b) (i) For employers affiliating on and after January 1, 1999, upon  
14 the basis of an annual actuarial valuation and appraisal of the system  
15 conducted in the manner provided for in K.S.A. 74-4908, and amendments  
16 thereto, the board shall certify, on or before July 15 of each year to each  
17 such employer an actuarially determined estimate of the rate of  
18 contribution which shall be required to be paid by each such employer to  
19 pay all of the liabilities which shall accrue under the system from and after  
20 the entry date as determined by the board, upon recommendation of the  
21 actuary. Such rate shall be termed the employer's participating service  
22 contribution and shall be uniform for all participating employers. Such  
23 additional liability shall be amortized as determined by the board. For all  
24 participating employers described in this section, the board shall determine  
25 the actuarial cost method to be used in annual actuarial valuations to  
26 determine the employer contribution rates that shall be certified by the  
27 board.

28 (ii) The board shall determine for each such employer separately an  
29 amount sufficient to amortize all liabilities for prior service costs which  
30 shall have accrued at the time of entry into the system. On the basis of  
31 such determination the board shall annually certify to each such employer  
32 separately an actuarially determined estimate of the rate of contribution  
33 which shall be required to be paid by that employer to pay all of the  
34 liabilities for such prior service costs. Such rate shall be termed the  
35 employer's prior service contribution.

36 (2) The division of the budget and the governor shall include in the  
37 budget and in the budget request for appropriations for personal services  
38 the sum required to satisfy the state's obligation under this act as certified  
39 by the board and shall present the same to the legislature for allowance and  
40 appropriation.

41 (3) Each other participating employer shall appropriate and pay to the  
42 system a sum sufficient to satisfy the obligation under this act as certified  
43 by the board.

1 (4) Each participating employer is hereby authorized to pay the  
2 employer's contribution from the same fund that the compensation for  
3 which such contribution is made is paid from or from any other funds  
4 available to it for such purpose. Each political subdivision, other than an  
5 instrumentality of the state, which is by law authorized to levy taxes for  
6 other purposes, may levy annually at the time of its levy of taxes, a tax  
7 which may be in addition to all other taxes authorized by law for the  
8 purpose of making its contributions under this act and, in the case of cities  
9 and counties, to pay a portion of the principal and interest on bonds issued  
10 under the authority of K.S.A. 12-1774, and amendments thereto, by cities  
11 located in the county, which tax, together with any other fund available,  
12 shall be sufficient to enable it to make such contribution. In lieu of levying  
13 the tax authorized in this subsection, any taxing subdivision may pay such  
14 costs from any employee benefits contribution fund established pursuant to  
15 K.S.A. 12-16,102, and amendments thereto. Each participating employer  
16 which is not by law authorized to levy taxes as described above, but which  
17 prepares a budget for its expenses for the ensuing year and presents the  
18 same to a governing body which is authorized by law to levy taxes as  
19 described above, may include in its budget an amount sufficient to make  
20 its contributions under this act which may be in addition to all other taxes  
21 authorized by law. Such governing body to which the budget is submitted  
22 for approval, may levy a tax sufficient to allow the participating employer  
23 to make its contributions under this act, which tax, together with any other  
24 fund available, shall be sufficient to enable the participating employer to  
25 make the contributions required by this act.

26 (5) (a) The rate of contribution certified to a participating employer as  
27 provided in this section shall apply during the fiscal year of the  
28 participating employer which begins in the second calendar year following  
29 the year of the actuarial valuation.

30 (b) (i) Except as specifically provided in this section, for fiscal years  
31 commencing in calendar year 1996 and in each subsequent calendar year,  
32 the rate of contribution certified to the state of Kansas shall in no event  
33 exceed the state's contribution rate for the immediately preceding fiscal  
34 year by more than 0.2% of the amount of compensation upon which  
35 members contribute during the period.

36 (ii) Except as specifically provided in this subsection, for the fiscal  
37 years commencing in the following calendar years, the rate of contribution  
38 certified to the state of Kansas and to the participating employers under  
39 K.S.A. 74-4931, and amendments thereto, shall in no event exceed the  
40 state's contribution rate for the immediately preceding fiscal year by more  
41 than the following amounts expressed as a percentage of compensation  
42 upon which members contribute during the period: (A) For the fiscal year  
43 commencing in calendar years 2010 through 2012, an amount not to

1 exceed more than 0.6% of the amount of the immediately preceding fiscal  
2 year; (B) for the fiscal year commencing in calendar year 2013, an amount  
3 not to exceed more than 0.9% of the amount of the immediately preceding  
4 fiscal year; (C) for the fiscal year commencing in calendar year 2014, an  
5 amount not to exceed more than 1% of the amount of the immediately  
6 preceding fiscal year; (D) for the fiscal year commencing in calendar year  
7 2015, an amount not to exceed more than 1.1% of the amount of the  
8 immediately preceding fiscal year; and (E) for the fiscal year commencing  
9 in calendar year 2016, and in each subsequent calendar year, an amount  
10 not to exceed more than 1.2% of the amount of the immediately preceding  
11 fiscal year.

12 (iii) Except as specifically provided in this section, for fiscal years  
13 commencing in calendar year 1997 and in each subsequent calendar year,  
14 the rate of contribution certified to participating employers other than the  
15 state of Kansas shall in no event exceed such participating employer's  
16 contribution rate for the immediately preceding fiscal year by more than  
17 0.15% of the amount of compensation upon which members contribute  
18 during the period.

19 (iv) Except as specifically provided in this subsection, for the fiscal  
20 years commencing in the following calendar years, the rate of contribution  
21 certified to participating employers other than the state of Kansas shall in  
22 no event exceed the contribution rate for such employers for the  
23 immediately preceding fiscal year by more than the following amounts  
24 expressed as a percentage of compensation upon which members  
25 contribute during the period: (A) For the fiscal year commencing in  
26 calendar years 2010 through 2013, an amount not to exceed more than  
27 0.6% of the amount of the immediately preceding fiscal year; (B) for the  
28 fiscal year commencing in calendar year 2014, an amount not to exceed  
29 more than 0.9% of the amount of the immediately preceding fiscal year;  
30 (C) for the fiscal year commencing in calendar year 2015, an amount not  
31 to exceed more than 1% of the amount of the immediately preceding fiscal  
32 year; (D) for the fiscal year commencing in calendar year 2016, an amount  
33 not to exceed more than 1.1% of the amount of the immediately preceding  
34 fiscal year; and (E) for the fiscal year commencing in calendar year 2017,  
35 and in each subsequent calendar year, an amount not to exceed more than  
36 1.2% of the amount of the immediately preceding fiscal year.

37 (v) As part of the annual actuarial valuation, there shall be a separate  
38 employer rate of contribution calculated for the state of Kansas, a separate  
39 employer rate of contribution calculated for participating employers under  
40 K.S.A. 74-4931, and amendments thereto, a combined employer rate of  
41 contribution calculated for the state of Kansas and participating employers  
42 under K.S.A. 74-4931, and amendments thereto, and a separate employer  
43 rate of contribution calculated for all other participating employers.

1 (vi) There shall be a combined employer rate of contribution certified  
2 to the state of Kansas and participating employers under K.S.A. 74-4931,  
3 and amendments thereto. There shall be a separate employer rate of  
4 contribution certified to all other participating employers.

5 (vii) If the combined employer rate of contribution calculated for the  
6 state of Kansas and participating employers under K.S.A. 74-4931, and  
7 amendments thereto, is greater than the separate employer rate of  
8 contribution for the state of Kansas, the difference in the two rates applied  
9 to the actual payroll of the state of Kansas for the applicable fiscal year  
10 shall be calculated. This amount shall be certified by the board for deposit  
11 as additional employer contributions to the retirement benefit  
12 accumulation reserve for the participating employers under K.S.A. 74-  
13 4931, and amendments thereto.

14 (6) The actuarial cost of any legislation enacted in the 1994 session of  
15 the Kansas legislature will be included in the June 30, 1994, actuarial  
16 valuation in determining contribution rates for participating employers.

17 (7) The actuarial cost of the provisions of K.S.A. 74-4950i, and  
18 amendments thereto, will be included in the June 30, 1998, actuarial  
19 valuation in determining contribution rates for participating employers.  
20 The actuarial accrued liability incurred for the provisions of K.S.A. 74-  
21 4950i, and amendments thereto, shall be amortized over 15 years.

22 (8) Except as otherwise provided by law, the actuarial cost of any  
23 legislation enacted by the Kansas legislature, except the actuarial cost of  
24 K.S.A. 74-49,114a, and amendments thereto, shall be in addition to the  
25 employer contribution rates certified for the employer contribution rate in  
26 the fiscal year immediately following such enactment. Such actuarial cost  
27 shall be determined by the qualified actuary employed or retained by the  
28 system pursuant to K.S.A. 74-4908, and amendments thereto, and reported  
29 to the system and the joint committee on pensions, investments and  
30 benefits.

31 (9) Notwithstanding the provisions of subsection (8), the actuarial  
32 cost of the provisions of K.S.A. 74-49,109 et seq., and amendments  
33 thereto, shall be first reflected in employer contribution rates effective with  
34 the first day of the first payroll period for the fiscal year 2005. The  
35 actuarial accrued liability incurred for the provisions of K.S.A. 74-49,109  
36 et seq., and amendments thereto, shall be amortized over 10 years.

37 (10) The cost of the postretirement benefit payment provided  
38 pursuant to the provisions of K.S.A. 2012 Supp. 74-49,114b, and  
39 amendments thereto, for retirants other than local retirants as described in  
40 subsection (11) or insured disability benefit recipients shall be paid in the  
41 fiscal year commencing on July 1, 2007.

42 (11) The actuarial accrued liability incurred for the provisions of  
43 K.S.A. 2012 Supp. 74-49,114b, and amendments thereto, for the KPERS

1 local group and retirants who were employees of local employers which  
2 affiliated with the Kansas police and firemen's retirement system shall be  
3 amortized over 10 years.

4 (12) The cost of the postretirement benefit payment provided  
5 pursuant to the provisions of K.S.A. 2012 Supp. 74-49,114c, and  
6 amendments thereto, for retirants other than local retirants as described in  
7 subsection (13) or insured disability benefit recipients shall be paid in the  
8 fiscal year commencing on July 1, 2008.

9 (13) The actuarial accrued liability incurred for the provisions of  
10 K.S.A. 2012 Supp. 74-49,114c, and amendments thereto, for the KPERS  
11 local group and retirants who were employees of local employers which  
12 affiliated with the Kansas police and firemen's retirement system shall be  
13 amortized over 10 years.

14 (14) *The actuarial accrued liability incurred for the provisions of*  
15 *section 1, and amendments thereto, for local group retirants of the Kansas*  
16 *public employees retirement system and retirants who were employees of*  
17 *local employers that affiliated with the Kansas police and firemen's*  
18 *retirement system shall be amortized over 15 years using the level percent*  
19 *of payroll amortization method.*

20 (15) *The actuarial accrued liability incurred for the provisions of*  
21 *section 1, and amendments thereto, for retirants other than local retirants*  
22 *described in subsection (14), shall be amortized over 15 years using the*  
23 *level dollar amortization method.*

24 (16) The board with the advice of the actuary may fix the contribution  
25 rates for participating employers joining the system after one year from the  
26 first entry date or for employers who exercise the option contained in  
27 K.S.A. 74-4912, and amendments thereto, at rates different from the rate  
28 fixed for employers joining within one year of the first entry date.

29 ~~(15)~~(17) Employer contributions shall in no way be limited by any  
30 other act which now or in the future establishes or limits the compensation  
31 of any member.

32 ~~(16)~~(18) Notwithstanding any provision of law to the contrary, each  
33 participating employer shall remit quarterly, or as the board may otherwise  
34 provide, all employee deductions and required employer contributions to  
35 the executive director for credit to the Kansas public employees retirement  
36 fund within three days after the end of the period covered by the  
37 remittance by electronic funds transfer. Remittances of such deductions  
38 and contributions received after such date are delinquent. Delinquent  
39 payments due under this subsection shall be subject to interest at the rate  
40 established for interest on judgments under subsection (a) of K.S.A. 16-  
41 204, and amendments thereto. At the request of the board, delinquent  
42 payments which are due or interest owed on such payments, or both, may  
43 be deducted from any other moneys payable to such employer by any

1 department or agency of the state.

2 Sec. 3. K.S.A. 2012 Supp. 74-4920 is hereby repealed.

3 Sec. 4. This act shall take effect and be in force from and after its

4 publication in the statute book.