

HOUSE BILL No. 2541

By Committee on Pensions and Benefits

1-26

1 AN ACT concerning retirement; relating to the Kansas public employees
2 deferred compensation act; sharing of account information; tax
3 treatment; local governmental unit plan option; amending K.S.A. 2015
4 Supp. 74-49b10, 74-49b14 and 74-49b15 and repealing the existing
5 sections.

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

8 Section 1. K.S.A. 2015 Supp. 74-49b10 is hereby amended to read as
9 follows: 74-49b10. (a) The board is authorized to enter into a voluntary
10 participation agreement with any employee of the state whereby a portion
11 of the employee's salary or compensation from the state shall be deferred
12 and deducted each payroll period in accordance with subsection (b) and
13 the Kansas public employees deferred compensation plan. Such
14 participation agreement may require each participant to pay a service
15 charge to defray all or part of any significant costs incurred and to be
16 recovered by the state pursuant to ~~subsection (e)~~ of K.S.A. 2015 Supp. 74-
17 49b09(c), and amendments thereto, as a result of the administration of this
18 act.

19 (b) Pursuant to this act and such participation agreements, the director
20 of accounts and reports, as a part of the system of regular payroll
21 deductions and using funds either appropriated or otherwise available for
22 such purpose, shall establish a system for the following purposes: (1) To
23 defer each payroll period the amounts authorized in such participation
24 agreements from the salary or compensation of each employee who has
25 entered into a participation agreement; and

26 (2) to remit these moneys in accordance with the Kansas public
27 employees deferred compensation plan.

28 (c) (1) Pursuant to section 401(a) of the federal internal revenue code,
29 the board may establish a qualified plan under which the state may
30 contribute a specified amount, subject to appropriations, to the deferred
31 compensation plan for state employees who have entered into a voluntary
32 participation agreement with the board under this section.

33 (2) Any state agency that has on its payroll persons participating in
34 any qualified plan established under subsection (c)(1), shall pay from any
35 moneys available to the state agency for such purpose an amount specified
36 in the qualified plan, subject to appropriations for that purpose.

1 (d) The Kansas public employees deferred compensation plan shall
2 exist and be in addition to, and shall not be a part of any retirement or
3 pension system for employees. The state shall not be responsible for any
4 loss incurred by any participant under the Kansas public employees
5 deferred compensation plan established and approved pursuant to this act.

6 (e) *Notwithstanding the provisions of K.S.A. 74-4909(10), and*
7 *amendments thereto, for those employees who entered into a voluntary*
8 *participation agreement pursuant to the provisions of this section or*
9 *K.S.A. 2015 Supp. 74-49b15, and amendments thereto, and who are also*
10 *members of a retirement system administered by the board, the board may*
11 *share information from the participants' retirement or pension system*
12 *accounts with a contracting party pursuant to the provisions of K.S.A.*
13 *2015 Supp. 74-49b09, and amendments thereto, for the purpose of*
14 *facilitating the participants' comprehensive retirement income planning.*

15 (f) Any amount of the employee's salary or compensation that is
16 deferred *on a pre-tax basis* under ~~such an~~ authorized participation
17 agreement shall continue to be included as regular compensation for all
18 purposes of computing retirement and pension benefits earned by any such
19 employee, ~~but~~. Any sum *so* deferred or deducted shall not be subject to ~~any~~
20 ~~state or local~~ income taxes for the year in which such sum is ~~earned~~
21 ~~contributed~~ but shall be subject to applicable state ~~and local~~ income taxes
22 for the year in which ~~such sum is~~ *distributions* are received by the
23 employee. *Any amounts contributed to a Roth 457 plan under this act*
24 *shall be subject to state withholding and income taxes for the year in*
25 *which such sum is contributed to the plan, but shall not be subject to*
26 *applicable state income taxes for the year in which distributions are*
27 *received by the employee, unless the provisions of article 32 of chapter 79*
28 *of the Kansas Statutes Annotated, and amendments thereto, provide*
29 *otherwise.*

30 (†) (g) A deferred compensation clearing fund shall be established in
31 the state treasury in which all compensation deferred, deducted or
32 contributed in accordance with this act and as provided for in each
33 participation agreement shall be temporarily placed.

34 Sec. 2. K.S.A. 2015 Supp. 74-49b14 is hereby amended to read as
35 follows: 74-49b14. (a) The board may enter into an agreement with any
36 local government of the state of Kansas making the services under
37 contracts entered into by the board under ~~subsection (b) of~~ K.S.A. 2015
38 Supp. 74-49b09(b), and amendments thereto, available to the local
39 government, subject to the terms and conditions of those contracts and the
40 agreement entered into between the board and the local governmental unit,
41 if the local governmental unit meets all of the following conditions: (1)
42 The local governmental unit meets the definition of eligible employer as
43 defined in K.S.A. 74-4902, and amendments thereto;

1 (2) the governing body of the local governmental unit has enacted a
2 ordinance or resolution adopting the terms of the deferred compensation
3 plan for state employees established under K.S.A. 2015 Supp. 74-49b09,
4 and amendments thereto, as the local government deferred compensation
5 plan for the employees of that local governmental unit; and

6 (3) the governing body certified that the local governmental unit will
7 make such local government deferred compensation plan available to its
8 employees and will administer it in accordance with the provisions of this
9 act, section 457 of the federal internal revenue code of 1986, and
10 amendments thereto, and the deferred compensation plan established by
11 the board under K.S.A. 2015 Supp. 74-49b09, and amendments thereto.

12 (b) *Pursuant to section 401(a) of the federal internal revenue code,*
13 *and subject to the provisions of K.S.A. 2015 Supp. 74-49b10, and*
14 *amendments thereto, the board may establish a qualified plan under which*
15 *local governmental units participating in the deferred compensation plan*
16 *may contribute a specified amount to such plan.*

17 (c) Except for such agreement, the board or any other state officer or
18 employee shall not be involved nor incur any expense in the administration
19 of a plan adopted by a local governmental unit under subsection (a) or (b),
20 except to the extent that such costs are reimbursed under one or both of the
21 methods identified in ~~subsection (e) of~~ K.S.A. 2015 Supp. 74-49b09(c),
22 and amendments thereto.

23 ~~(e)~~ (d) The state shall not be responsible for any loss incurred by or
24 *obligation of* any local governmental unit participant under a local
25 government deferred compensation plan established as provided pursuant
26 to subsection (a) or (b).

27 Sec. 3. K.S.A. 2015 Supp. 74-49b15 is hereby amended to read as
28 follows: 74-49b15.(a) Subject to the agreement entered into under the
29 provisions of K.S.A. 2015 Supp. 74-49b14, and amendments thereto, the
30 governing body of a local government unit may establish such conditions
31 as the governing body deems advisable to govern the voluntary
32 participation of its employees in the local government deferred
33 compensation plan established by the local governmental unit under the
34 provisions of K.S.A. 2015 Supp. 74-49b14, and amendments thereto.

35 (b) Any amount of an employee's salary or compensation that is
36 deferred *on a pre-tax basis* under ~~such plan~~ *an authorized participation*
37 *agreement* shall continue to be included as regular compensation for all
38 purposes of computing retirement and pension benefits earned by such
39 employee, ~~but~~ Any sum *so* deferred or deducted shall not be subject to ~~any~~
40 ~~state or local~~ income tax for the year in which such sum is ~~earned~~
41 *contributed* but shall be subject to applicable state ~~and local~~ income taxes
42 for the year in which ~~such sum is~~ *distributions are* received by the
43 employee. *Any amounts contributed to a Roth 457 plan under this act*

1 *shall be subject to state withholding and income taxes for the year in*
2 *which such sum is contributed to the plan, but shall not be subject to*
3 *applicable state income taxes for the year in which distributions are*
4 *received by the employee, unless the provisions of article 32 of chapter 79*
5 *of the Kansas Statutes Annotated, and amendments thereto, provide*
6 *otherwise.*

7 Sec. 4. K.S.A. 2015 Supp. 74-49b10, 74-49b14 and 74-49b15 are
8 hereby repealed.

9 Sec. 5. This act shall take effect and be in force from and after its
10 publication in the statute book.