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4 **HOUSE BILL No. 2619**

5
6 By Joint Committee on Pensions, Investments and Benefits

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8 1-4

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10 AN ACT relating to tax sheltered ~~annuities provided for employees of~~
11 ~~community colleges and school districts~~ **and deferred compensation**
12 **accounts, annuities and plans provided for public employees;**
13 amending K.S.A. 72-8603 **and 75-5524** and repealing the existing ~~sec-~~
14 ~~tion sections.~~

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

17 Section 1. K.S.A. 72-8603 is hereby amended to read as follows: 72-
18 8603. (a) The board of education of any school district or the board of
19 trustees of any community ~~junior~~ college shall contract with any of its
20 employees ~~so requesting, upon request,~~ for reductions in compensation
21 and the contribution thereof for tax sheltered ~~annuities~~ **accounts and**
22 **annuities or deferred compensation plans** as permitted under **sec-**
23 **tion 403(b) or section 457** of the United States internal revenue code,
24 for the benefit of such employees. Any employee desiring to contract
25 under the provisions of this section shall ~~express his or her wishes in~~
26 ~~writing to his or her~~ *send written notice of such desire to such employee's*
27 employer within semiannual thirty-day periods in accordance with rules
28 and regulations of such employer.

29 (b) *The board of education of any school district and the board of*
30 *trustees of any community college may contribute to an employee's ~~tax~~*
31 *sheltered annuity **403(b) account or annuity or 457 plan** an amount*
32 *to match the employee's contribution contracted for under subsection (a).*

33 **Sec. 2. K.S.A. 75-5524 is hereby amended to read as follows:**
34 **75-5524. (a) The director is authorized to enter into a voluntary**
35 **agreement with any employee whereby the director agrees to**
36 **defer and deduct each payroll period a portion of the employee's**
37 **salary or compensation from the state in accordance with the Kan-**
38 **sas public employees deferred compensation plan. Such agree-**
39 **ment may require each participant to pay a service charge to de-**
40 **fray all or part of any significant costs incurred and to be recovered**
41 **by the state pursuant to subsection (c) of K.S.A. 75-5523, and**
42 **amendments thereto, as a result of the administration of this act.**
43 **Pursuant to this act and such agreements the director is authorized**

1 **to deduct amounts authorized in such agreements from the salary**
2 **or compensation of such employee each payroll period, as part of**
3 **the system of regular payroll deduction.** *On and after July 1, 2002,*
4 *pursuant to section 401(a) of the federal internal revenue code, the direc-*
5 *tor may establish a qualified plan under which the state may contribute*
6 *a specified amount, subject to appropriations, to the deferred compensa-*
7 *tion plan for state employees who have entered into a voluntary agreement*
8 *with the director under this section.*

9 **(b) The minimum amount and the maximum amount which**
10 **may be deferred in any one payroll period shall be established by**
11 **rules and regulations adopted under K.S.A. 75-5529, and amend-**
12 **ments thereto.**

13 **(c) The Kansas public employees deferred compensation plan**
14 **shall exist and be in addition to, and shall not be a part of any**
15 **retirement or pension system for employees. The state shall not**
16 **be responsible for any loss incurred by an employee under the**
17 **Kansas public employees deferred compensation plan established**
18 **and approved pursuant to this act.**

19 **(d) Any amount of the employee's salary or compensation that**
20 **is deferred under such authorized agreement shall continue to be**
21 **included as regular compensation for all purposes of computing**
22 **retirement and pension benefits earned by any such employee, but**
23 **any sum deferred or deducted shall not be subject to any state or**
24 **local income taxes for the year in which such sum is earned but**
25 **shall be subject to applicable state and local income taxes for the**
26 **year in which such sum is received by the employee.**

27 **(e) The director is hereby authorized to establish a deferred**
28 **compensation clearing fund in the state treasury in which shall be**
29 **placed temporarily all compensation deferred ~~and~~ deducted or**
30 **contributed in accordance with this act, as provided for in any**
31 **agreement between an employee and the director.**

32 ~~Sec. 3.~~ K.S.A. 72-8603 ~~is~~ **and 75-5524** are hereby repealed.

33 ~~Sec. 4.~~ This act shall take effect and be in force from and after its
34 publication in the statute book.

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