

## HOUSE BILL No. 2191

By Representatives Lane, Burgess, Burroughs, Crow, Dillmore, Flaharty, Flora, Gordon, Grant, Hawk, Henderson, Holland, Humerickhouse, Hutchins, Kirk, Kuether, Loganbill, Long, Mah, Menghini, Pauls, Ruff, Ruiz, Svaty, Thull, Treaster, Williams and Winn

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12 AN ACT concerning retirement and pensions; relating to the Kansas  
13 public employees retirement system and systems thereunder; postre-  
14 tirement benefit adjustment; amending K.S.A. 2004 Supp. 74-4920  
15 and repealing the existing section.  
16

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

18 New Section 1. (a) The retirement benefit, pension or annuity pay-  
19 ments accruing after June 30, 2005, to each retirant shall be increased by  
20 an amount equal to 3.0% of the retirement benefit, pension or annuity  
21 payment in effect on July 1, 2005, from the retirant's retirement system  
22 and shall be paid by such retirement system to the retirant during such  
23 period.

24 (b) As used in this section:

25 (1) "Retirant" means (A) any person who is a member of a retirement  
26 system and who retired prior to July 1, 2004, (B) any person who is a  
27 special member of a retirement system and who retired prior to July 1,  
28 2004, (C) any person who is a joint annuitant or beneficiary of any mem-  
29 ber described in clause (A) or any special member described in clause  
30 (B) and (D) any long-term disability benefit recipient.

31 (2) "Retirement system" means the Kansas public employees retire-  
32 ment system, the Kansas police and firemen's retirement system, the state  
33 school retirement system and the retirement system for judges.

34 (3) "Long-term disability recipient" means any person receiving a  
35 long-term disability benefit under K.S.A. 74-4927, and amendments  
36 thereto, prior to July 1, 2004.

37 Sec. 2. K.S.A. 2004 Supp. 74-4920 is hereby amended to read as  
38 follows: 74-4920. (1) (a) Upon the basis of each annual actuarial valuation  
39 and appraisal as provided for in subsection (3)(a) of K.S.A. 74-4908, and  
40 amendments thereto, the board shall certify, on or before July 15 of each  
41 year, to the division of the budget in the case of the state and to the agent  
42 for each other participating employer an actuarially determined estimate  
43 of the rate of contribution which will be required, together with all ac-

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

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

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

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

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

42 (4) Each participating employer is hereby authorized to pay the em-  
43 ployer's contribution from the same fund that the compensation for which

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

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

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

34 (ii) Except as specifically provided in this subsection, for the fiscal  
35 years commencing in the following calendar years, the rate of contribution  
36 certified to the state of Kansas shall in no event exceed the state's con-  
37 tribution rate for the immediately preceding fiscal year by more than the  
38 following amounts expressed as a percentage of compensation upon  
39 which members contribute during the period: (A) For the fiscal year  
40 commencing in calendar year 2005, an amount not to exceed more than  
41 0.4% of the amount of the immediately preceding fiscal year; (B) for the  
42 fiscal year commencing in calendar year 2006, an amount not to exceed  
43 more than 0.5% of the amount of the immediately preceding fiscal year;

- 1 and (C) for the fiscal year commencing in calendar year 2007 and in each  
2 subsequent calendar year, an amount not to exceed more than 0.6% of  
3 the amount of the immediately preceding fiscal year.
- 4 (iii) Except as specifically provided in this section, for fiscal years  
5 commencing in calendar year 1997 and in each subsequent calendar year,  
6 the rate of contribution certified to participating employers other than  
7 the state of Kansas shall in no event exceed such participating employer's  
8 contribution rate for the immediately preceding fiscal year by more than  
9 0.15% of the amount of compensation upon which members contribute  
10 during the period.
- 11 (iv) Except as specifically provided in this subsection, for the fiscal  
12 years commencing in the following calendar years, the rate of contribution  
13 certified to participating employers other than the state of Kansas shall  
14 in no event exceed the contribution rate for such employers for the im-  
15 mediately preceding fiscal year by more than the following amounts ex-  
16 pressed as a percentage of compensation upon which members contribute  
17 during the period: (A) For the fiscal year commencing in calendar year  
18 2006, an amount not to exceed more than 0.4% of the amount of the  
19 immediately preceding fiscal year; (B) for the fiscal year commencing in  
20 calendar year 2007, an amount not to exceed more than 0.5% of the  
21 amount of the immediately preceding fiscal year; and (C) for the fiscal  
22 year commencing in calendar year 2008 and in each subsequent calendar  
23 year, an amount not to exceed more than 0.6% of the amount of the  
24 immediately preceding fiscal year.
- 25 (v) There shall be an employer rate of contribution certified to the  
26 state of Kansas. There shall be a separate employer rate of contribution  
27 certified to participating employers under K.S.A. 74-4931, and amend-  
28 ments thereto. There shall be a separate employer rate of contribution  
29 certified to all other participating employers.
- 30 (6) The actuarial cost of any legislation enacted in the 1994 session  
31 of the Kansas legislature will be included in the June 30, 1994, actuarial  
32 valuation in determining contribution rates for participating employers.
- 33 (7) The actuarial cost of the provisions of K.S.A. 74-4950i, *and*  
34 *amendments thereto* will be included in the June 30, 1998, actuarial val-  
35 uation in determining contribution rates for participating employers. The  
36 actuarial accrued liability incurred for the provisions of K.S.A. 74-4950i,  
37 *and amendments thereto* shall be amortized over 15 years.
- 38 (8) Except as otherwise provided by law, the actuarial cost of any  
39 legislation enacted by the Kansas legislature, except the actuarial cost of  
40 K.S.A. 74-49,114a, and amendments thereto, shall be in addition to the  
41 employer contribution rates certified for the employer contribution rate  
42 in the fiscal year immediately following such enactment.
- 43 (9) Notwithstanding the provisions of subsection (8), the actuarial

1 cost of the provisions of K.S.A. 74-49,109 *et seq.*, and amendments thereto  
2 shall be first reflected in employer contribution rates effective with the  
3 first day of the first payroll period for the fiscal year 2005. The actuarial  
4 accrued liability incurred for the provisions of K.S.A. 74-49,109 *et seq.*,  
5 and amendments thereto shall be amortized over 10 years.

6 (10) *The actuarial accrued liability incurred for the provisions of sec-*  
7 *tion 1, and amendments thereto, shall be amortized over 15 years.*

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

13 ~~(11)~~ (12) For employers affiliating on and after January 1, 1999, the  
14 rates of contribution certified to the participating employer as provided  
15 in this section shall apply during the fiscal year immediately following  
16 such certification, but the rate of contribution during the first year fol-  
17 lowing the employer's entry date shall be equal to 7% of the amount of  
18 compensation on which members contribute during the year. Any amount  
19 of such first year's contribution which may be in excess of the necessary  
20 current service contribution shall be credited by the board to the respec-  
21 tive employer's prior service liability.

22 ~~(12)~~ (13) Employer contributions shall in no way be limited by any  
23 other act which now or in the future establishes or limits the compen-  
24 sation of any member.

25 ~~(13)~~ (14) Notwithstanding any provision of law to the contrary, each  
26 participating employer shall remit quarterly, or as the board may other-  
27 wise provide, all employee deductions and required employer contribu-  
28 tions to the executive director for credit to the Kansas public employees  
29 retirement fund within three days after the end of the period covered by  
30 the remittance by electronic funds transfer. Remittances of such deduc-  
31 tions and contributions received after such date are delinquent. Delin-  
32 quent payments due under this subsection shall be subject to interest at  
33 the rate established for interest on judgments under subsection (a) of  
34 K.S.A. 16-204, and amendments thereto. At the request of the board,  
35 delinquent payments which are due or interest owed on such payments,  
36 or both, may be deducted from any other moneys payable to such em-  
37 ployer by any department or agency of the state.

38 Sec. 3. K.S.A. 2004 Supp. 74-4920 is hereby repealed.

39 Sec. 4. This act shall take effect and be in force from and after its  
40 publication in the statute book.