

SENATE BILL No. 20

By Joint Committee on Pensions, Investments and Benefits

1-10

9 AN ACT concerning retirement and pensions; relating to the Kansas
10 public employees retirement system and systems thereunder; em-
11 ployer rate of contribution; amending K.S.A. 2004 Supp. 74-4920 and
12 repealing the existing section.
13

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

15 Section 1. K.S.A. 2004 Supp. 74-4920 is hereby amended to read as
16 follows: 74-4920. (1) (a) Upon the basis of each annual actuarial valuation
17 and appraisal as provided for in subsection (3)(a) of K.S.A. 74-4908 and
18 amendments thereto, the board shall certify, on or before July 15 of each
19 year, to the division of the budget in the case of the state and to the agent
20 for each other participating employer an actuarially determined estimate
21 of the rate of contribution which will be required, together with all ac-
22 cumulated contributions and other assets of the system, to be paid by
23 each such participating employer to pay all liabilities which shall exist or
24 accrue under the system, including amortization of the actuarial accrued
25 liability as determined by the board. The board shall determine the ac-
26 tuarial cost method to be used in annual actuarial valuations, to determine
27 the employer contribution rates that shall be certified by the board. Such
28 certified rate of contribution, amortization methods and periods and ac-
29 tuarial cost method shall be based on the standards set forth in subsection
30 (3)(a) of K.S.A. 74-4908 and amendments thereto and shall not be based
31 on any other purpose outside of the needs of the system.

32 (b) (i) For employers affiliating on and after January 1, 1999, upon
33 the basis of an annual actuarial valuation and appraisal of the system
34 conducted in the manner provided for in K.S.A. 74-4908 and amend-
35 ments thereto, the board shall certify, on or before July 15 of each year
36 to each such employer an actuarially determined estimate of the rate of
37 contribution which shall be required to be paid by each such employer
38 to pay all of the liabilities which shall accrue under the system from and
39 after the entry date as determined by the board, upon recommendation
40 of the actuary. Such rate shall be termed the employer's participating
41 service contribution and shall be uniform for all participating employers.
42 Such additional liability shall be amortized as determined by the board.
43 For all participating employers described in this section, the board shall

1 determine the actuarial cost method to be used in annual actuarial valu-
2 ations to determine the employer contribution rates that shall be certified
3 by the board.

4 (ii) The board shall determine for each such employer separately an
5 amount sufficient to amortize all liabilities for prior service costs which
6 shall have accrued at the time of entry into the system. On the basis of
7 such determination the board shall annually certify to each such employer
8 separately an actuarially determined estimate of the rate of contribution
9 which shall be required to be paid by that employer to pay all of the
10 liabilities for such prior service costs. Such rate shall be termed the em-
11 ployer's prior service contribution.

12 (2) The division of the budget and the governor shall include in the
13 budget and in the budget request for appropriations for personal services
14 the sum required to satisfy the state's obligation under this act as certified
15 by the board and shall present the same to the legislature for allowance
16 and appropriation.

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

20 (4) Each participating employer is hereby authorized to pay the em-
21 ployer's contribution from the same fund that the compensation for which
22 such contribution is made is paid from or from any other funds available
23 to it for such purpose. Each political subdivision, other than an instru-
24 mentality of the state, which is by law authorized to levy taxes for other
25 purposes, may levy annually at the time of its levy of taxes, a tax which
26 may be in addition to all other taxes authorized by law for the purpose of
27 making its contributions under this act and, in the case of cities and coun-
28 ties, to pay a portion of the principal and interest on bonds issued under
29 the authority of K.S.A. 12-1774 and amendments thereto by cities located
30 in the county, which tax, together with any other fund available, shall be
31 sufficient to enable it to make such contribution. In lieu of levying the
32 tax authorized in this subsection, any taxing subdivision may pay such
33 costs from any employee benefits contribution fund established pursuant
34 to K.S.A. 12-16,102 and amendments thereto. Each participating em-
35 ployer which is not by law authorized to levy taxes as described above,
36 but which prepares a budget for its expenses for the ensuing year and
37 presents the same to a governing body which is authorized by law to levy
38 taxes as described above, may include in its budget an amount sufficient
39 to make its contributions under this act which may be in addition to all
40 other taxes authorized by law. Such governing body to which the budget
41 is submitted for approval, may levy a tax sufficient to allow the partici-
42 pating employer to make its contributions under this act, which tax, to-
43 gether with any other fund available, shall be sufficient to enable the

1 participating employer to make the contributions required by this act.
2 (5) (a) The rate of contribution certified to a participating employer
3 as provided in this section shall apply during the fiscal year of the partic-
4 ipating employer which begins in the second calendar year following the
5 year of the actuarial valuation.
6 (b) (i) Except as specifically provided in this section, for fiscal years
7 commencing in calendar year 1996 and in each subsequent calendar year,
8 the rate of contribution certified to the state of Kansas shall in no event
9 exceed the state's contribution rate for the immediately preceding fiscal
10 year by more than 0.2% of the amount of compensation upon which
11 members contribute during the period.
12 (ii) Except as specifically provided in this subsection, for the fiscal
13 years commencing in the following calendar years, the rate of contribution
14 certified to the state of Kansas shall in no event exceed the state's con-
15 tribution rate for the immediately preceding fiscal year by more than the
16 following amounts expressed as a percentage of compensation upon
17 which members contribute during the period: (A) For the fiscal year
18 commencing in calendar year 2005, an amount not to exceed more than
19 0.4% of the amount of the immediately preceding fiscal year; (B) for the
20 fiscal year commencing in calendar year 2006, an amount not to exceed
21 more than 0.5% of the amount of the immediately preceding fiscal year;
22 and (C) for the fiscal year commencing in calendar year 2007 and in each
23 subsequent calendar year, an amount not to exceed more than 0.6% of
24 the amount of the immediately preceding fiscal year.
25 (iii) Except as specifically provided in this section, for fiscal years
26 commencing in calendar year 1997 and in each subsequent calendar year,
27 the rate of contribution certified to participating employers other than
28 the state of Kansas shall in no event exceed such participating employer's
29 contribution rate for the immediately preceding fiscal year by more than
30 0.15% of the amount of compensation upon which members contribute
31 during the period.
32 (iv) Except as specifically provided in this subsection, for the fiscal
33 years commencing in the following calendar years, the rate of contribution
34 certified to participating employers other than the state of Kansas shall
35 in no event exceed the contribution rate for such employers for the im-
36 mediately preceding fiscal year by more than the following amounts ex-
37 pressed as a percentage of compensation upon which members contribute
38 during the period: (A) For the fiscal year commencing in calendar year
39 2006, an amount not to exceed more than 0.4% of the amount of the
40 immediately preceding fiscal year; (B) for the fiscal year commencing in
41 calendar year 2007, an amount not to exceed more than 0.5% of the
42 amount of the immediately preceding fiscal year; and (C) for the fiscal
43 year commencing in calendar year 2008 and in each subsequent calendar

1 year, an amount not to exceed more than 0.6% of the amount of the
2 immediately preceding fiscal year.

3 (v) *As part of the annual actuarial valuation, there shall be an em-*
4 *ployer rate of contribution certified to calculated for the state of Kansas-*
5 ~~*There shall be, a separate employer rate of contribution certified to cal-*~~
6 ~~*culated for participating employers under K.S.A. 74-4931 and amend-*~~
7 ~~*ments thereto, and a combined employer rate of contribution calculated*~~
8 ~~*for the state of Kansas and participating employers under K.S.A. 74-4931,*~~
9 ~~*and amendments thereto. The employer rates of contribution certified to*~~
10 ~~*the state of Kansas and to participating employers under K.S.A. 74-4931,*~~
11 ~~*and amendments thereto, shall be determined based on the combined em-*~~
12 ~~*ployer rate of contribution calculated as provided in this subsection. If*~~
13 ~~*the employer rate of contribution certified to the state of Kansas is greater*~~
14 ~~*than the employer contribution rate calculated separately for the state of*~~
15 ~~*Kansas, the difference in the two rates applied to the actual payroll of the*~~
16 ~~*state of Kansas for the applicable fiscal year shall be allocated to the*~~
17 ~~*Kansas public employees retirement system reserve as additional contri-*~~
18 ~~*bution dollars to the participating employers under K.S.A. 74-4931, and*~~
19 ~~*amendments thereto. There shall be a separate employer rate rates of*~~
20 ~~*contribution calculated for and certified to all other participating*~~
21 ~~*employers.*~~

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

25 (7) The actuarial cost of the provisions of K.S.A. 74-4950i will be
26 included in the June 30, 1998, actuarial valuation in determining contri-
27 bution rates for participating employers. The actuarial accrued liability
28 incurred for the provisions of K.S.A. 74-4950i shall be amortized over 15
29 years.

30 (8) Except as otherwise provided by law, the actuarial cost of any
31 legislation enacted by the Kansas legislature, except the actuarial cost of
32 K.S.A. 74-49,114a, and amendments thereto, shall be in addition to the
33 employer contribution rates certified for the employer contribution rate
34 in the fiscal year immediately following such enactment.

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

41 (10) The board with the advice of the actuary may fix the contribution
42 rates for participating employers joining the system after one year from
43 the first entry date or for employers who exercise the option contained

1 in K.S.A. 74-4912 and amendments thereto at rates different from the
2 rate fixed for employers joining within one year of the first entry date.

3 (11) For employers affiliating on and after January 1, 1999, the rates
4 of contribution certified to the participating employer as provided in this
5 section shall apply during the fiscal year immediately following such cer-
6 tification, but the rate of contribution during the first year following the
7 employer's entry date shall be equal to 7% of the amount of compensation
8 on which members contribute during the year. Any amount of such first
9 year's contribution which may be in excess of the necessary current serv-
10 ice contribution shall be credited by the board to the respective em-
11 ployer's prior service liability.

12 (12) Employer contributions shall in no way be limited by any other
13 act which now or in the future establishes or limits the compensation of
14 any member.

15 (13) Notwithstanding any provision of law to the contrary, each par-
16 ticipating employer shall remit quarterly, or as the board may otherwise
17 provide, all employee deductions and required employer contributions to
18 the executive director for credit to the Kansas public employees retire-
19 ment fund within three days after the end of the period covered by the
20 remittance by electronic funds transfer. Remittances of such deductions
21 and contributions received after such date are delinquent. Delinquent
22 payments due under this subsection shall be subject to interest at the rate
23 established for interest on judgments under subsection (a) of K.S.A. 16-
24 204 and amendments thereto. At the request of the board, delinquent
25 payments which are due or interest owed on such payments, or both, may
26 be deducted from any other moneys payable to such employer by any
27 department or agency of the state.

28 Sec. 2. K.S.A. 2004 Supp. 74-4920 is hereby repealed.

29 Sec. 3. This act shall take effect and be in force from and after its
30 publication in the statute book.