

HOUSE BILL No. 2766

By Representative S. Sharp
(By request)

1-30

10 AN ACT concerning retirement and pensions; relating to the Kansas
11 public employees retirement system and systems thereunder; postre-
12 tirement benefit adjustment; amending K.S.A. 2005 Supp. 74-4920
13 and repealing the existing section.
14

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

16 New Section 1. (a) The retirement benefit, pension or annuity pay-
17 ments accruing after June 30, 2006, to each retiree shall be increased by
18 an amount equal to 2.5% of the retirement benefit, pension or annuity
19 payment in effect on July 1, 2006, from the retiree's retirement system
20 and shall be paid by such retirement system to the retiree and the local
21 school annuitant during such period.

22 (b) As used in this section:

23 (1) "Retiree" means (A) any person who is a member of a retirement
24 system and who retired prior to July 1, 2005, (B) any person who is a
25 special member of a retirement system and who retired prior to July 1,
26 2005, (C) any person who is a joint annuitant or beneficiary of any mem-
27 ber described in clause (A) or any special member described in clause
28 (B) and (D) any long-term disability benefit recipient.

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

32 (3) "Long-term disability recipient" means any person receiving a
33 long-term disability benefit under K.S.A. 74-4927, and amendments
34 thereto, prior to July 1, 2005.

35 Sec. 2. K.S.A. 2005 Supp. 74-4920 is hereby amended to read as
36 follows: 74-4920. (1) (a) Upon the basis of each annual actuarial valuation
37 and appraisal as provided for in subsection (3)(a) of K.S.A. 74-4908 and
38 amendments thereto, the board shall certify, on or before July 15 of each
39 year, to the division of the budget in the case of the state and to the agent
40 for each other participating employer an actuarially determined estimate
41 of the rate of contribution which will be required, together with all ac-
42 cumulated contributions and other assets of the system, to be paid by
43 each such participating employer to pay all liabilities which shall exist or

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

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

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

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

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

40 (4) Each participating employer is hereby authorized to pay the em-
41 ployer's contribution from the same fund that the compensation for which
42 such contribution is made is paid from or from any other funds available
43 to it for such purpose. Each political subdivision, other than an instru-

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

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

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

32 (ii) 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 the state of Kansas and to the participating employers under
35 K.S.A. 74-4931, and amendments thereto shall in no event exceed the
36 state's contribution rate for the immediately preceding fiscal year by more
37 than the following amounts expressed as a percentage of compensation
38 upon which members contribute during the period: (A) For the fiscal
39 year commencing in calendar year 2005, an amount not to exceed more
40 than 0.4% of the amount of the immediately preceding fiscal year; (B)
41 for the fiscal year commencing in calendar year 2006, an amount not to
42 exceed more than 0.5% of the amount of the immediately preceding fiscal
43 year; and (C) for the fiscal year commencing in calendar year 2007 and

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

3 (iii) Except as specifically provided in this section, for fiscal years
4 commencing in calendar year 1997 and in each subsequent calendar year,
5 the rate of contribution certified to participating employers other than
6 the state of Kansas shall in no event exceed such participating employer's
7 contribution rate for the immediately preceding fiscal year by more than
8 0.15% of the amount of compensation upon which members contribute
9 during the period.

10 (iv) Except as specifically provided in this subsection, for the fiscal
11 years commencing in the following calendar years, the rate of contribution
12 certified to participating employers other than the state of Kansas shall
13 in no event exceed the contribution rate for such employers for the im-
14 mediately preceding fiscal year by more than the following amounts ex-
15 pressed as a percentage of compensation upon which members contribute
16 during the period: (A) For the fiscal year commencing in calendar year
17 2006, an amount not to exceed more than 0.4% of the amount of the
18 immediately preceding fiscal year; (B) for the fiscal year commencing in
19 calendar year 2007, an amount not to exceed more than 0.5% of the
20 amount of the immediately preceding fiscal year; and (C) for the fiscal
21 year commencing in calendar year 2008 and in each subsequent calendar
22 year, an amount not to exceed more than 0.6% of the amount of the
23 immediately preceding fiscal year.

24 (v) As part of the annual actuarial valuation, there shall be a separate
25 employer rate of contribution calculated for the state of Kansas, a separate
26 employer rate of contribution calculated for participating employers un-
27 der K.S.A. 74-4931 and amendments thereto, a combined employer rate
28 of contribution calculated for the state of Kansas and participating em-
29 ployers under K.S.A. 74-4931, and amendments thereto, and a separate
30 employer rate of contribution calculated for all other participating
31 employers.

32 (vi) There shall be a separate employer rate of contribution certified
33 to the state of Kansas. There shall be a separate employer rate of contri-
34 bution certified to participating employers under K.S.A. 74-4931, and
35 amendments thereto. There shall be a separate employer rate of contri-
36 bution certified to all other participating employers.

37 (vii) If the combined employer rate of contribution calculated for the
38 state of Kansas and participating employers under K.S.A. 74-4931, and
39 amendments thereto, is greater than the separate employer rate of con-
40 tribution for the state of Kansas, the difference in the two rates applied
41 to the actual payroll of the state of Kansas for the applicable fiscal year
42 shall be calculated. This amount shall be certified by the board as addi-
43 tional employer contributions for the participating employers under

1 K.S.A. 74-4931, and amendments thereto, to the division of budget and
2 governor who shall include in the budget each year thereafter provisions
3 for the transfer from the state general fund of sufficient sums to satisfy
4 this obligation. This amount shall be distributed through the same pro-
5 cedure as followed for the employer contribution payments under K.S.A.
6 74-4939 and K.S.A. 74-4939a, and amendments thereto, and then remit-
7 ted by the participating employers to the Kansas public employees re-
8 tirement system for deposit as additional employer contributions to the
9 retirement benefit accumulation reserve for the participating employers
10 under K.S.A. 74-4931, and amendments thereto.

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

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

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

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

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

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

37 ~~(11)~~ (12) For employers affiliating on and after January 1, 1999, the
38 rates of contribution certified to the participating employer as provided
39 in this section shall apply during the fiscal year immediately following
40 such certification, but the rate of contribution during the first year fol-
41 lowing the employer's entry date shall be equal to 7% of the amount of
42 compensation on which members contribute during the year. Any amount
43 of such first year's contribution which may be in excess of the necessary

1 current service contribution shall be credited by the board to the respec-
2 tive employer's prior service liability.

3 ~~(12)~~ (13) Employer contributions shall in no way be limited by any
4 other act which now or in the future establishes or limits the compen-
5 sation of any member.

6 ~~(13)~~ (14) Notwithstanding any provision of law to the contrary, each
7 participating employer shall remit quarterly, or as the board may other-
8 wise provide, all employee deductions and required employer contribu-
9 tions to the executive director for credit to the Kansas public employees
10 retirement fund within three days after the end of the period covered by
11 the remittance by electronic funds transfer. Remittances of such deduc-
12 tions and contributions received after such date are delinquent. Delin-
13 quent payments due under this subsection shall be subject to interest at
14 the rate established for interest on judgments under subsection (a) of
15 K.S.A. 16-204 and amendments thereto. At the request of the board,
16 delinquent payments which are due or interest owed on such payments,
17 or both, may be deducted from any other moneys payable to such em-
18 ployer by any department or agency of the state.

19 Sec. 3. K.S.A. 2005 Supp. 74-4920 is hereby repealed.

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