

## SENATE BILL No. 263

By Senators Hensley, Barone, Gilstrap, Goodwin, Haley and Kelly

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9 AN ACT concerning retirement and pensions; relating to the Kansas  
10 public employees retirement system and systems thereunder; postre-  
11 tirement benefit adjustment; amending K.S.A. 2006 Supp. 74-4920  
12 and repealing the existing section.  
13

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

15 New Section 1. (a) The retirement benefit, pension or annuity pay-  
16 ments accruing after June 30, 2007, to each retirant shall be increased by  
17 an amount equal to 3.0% of the retirement benefit, pension or annuity  
18 payment in effect on July 1, 2007, from the retirant's retirement system  
19 and shall be paid by such retirement system to the retirant during such  
20 period.

21 (b) As used in this section:

22 (1) "Retirant" means (A) any person who is a member or special  
23 member of a retirement system and who retired prior to July 1, 2006, (B)  
24 any person who is a joint annuitant or beneficiary of any member de-  
25 scribed in clause (A) and (C) any long-term disability benefit recipient.

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

29 (3) "Long-term disability recipient" means any person receiving a  
30 long-term disability benefit under K.S.A. 74-4927, and amendments  
31 thereto, prior to July 1, 2006.

32 Sec. 2. K.S.A. 2006 Supp. 74-4920 is hereby amended to read as  
33 follows: 74-4920. (1) (a) Upon the basis of each annual actuarial valuation  
34 and appraisal as provided for in subsection (3)(a) of K.S.A. 74-4908 and  
35 amendments thereto, the board shall certify, on or before July 15 of each  
36 year, to the division of the budget in the case of the state and to the agent  
37 for each other participating employer an actuarially determined estimate  
38 of the rate of contribution which will be required, together with all ac-  
39 cumulated contributions and other assets of the system, to be paid by  
40 each such participating employer to pay all liabilities which shall exist or  
41 accrue under the system, including amortization of the actuarial accrued  
42 liability as determined by the board. The board shall determine the ac-  
43 tuarial cost method to be used in annual actuarial valuations, to determine

1 the employer contribution rates that shall be certified by the board. Such  
2 certified rate of contribution, amortization methods and periods and ac-  
3 tuarial cost method shall be based on the standards set forth in subsection  
4 (3)(a) of K.S.A. 74-4908 and amendments thereto and shall not be based  
5 on any other purpose outside of the needs of the system.

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

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

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

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

37 (4) Each participating employer is hereby authorized to pay the em-  
38 ployer's contribution from the same fund that the compensation for which  
39 such contribution is made is paid from or from any other funds available  
40 to it for such purpose. Each political subdivision, other than an instru-  
41 mentality of the state, which is by law authorized to levy taxes for other  
42 purposes, may levy annually at the time of its levy of taxes, a tax which  
43 may be in addition to all other taxes authorized by law for the purpose of

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

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

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

29 (ii) Except as specifically provided in this subsection, for the fiscal  
30 years commencing in the following calendar years, the rate of contribution  
31 certified to the state of Kansas and to the participating employers under  
32 K.S.A. 74-4931, and amendments thereto shall in no event exceed the  
33 state's contribution rate for the immediately preceding fiscal year by more  
34 than the following amounts expressed as a percentage of compensation  
35 upon which members contribute during the period: (A) For the fiscal  
36 year commencing in calendar year 2005, an amount not to exceed more  
37 than 0.4% of the amount of the immediately preceding fiscal year; (B)  
38 for the fiscal year commencing in calendar year 2006, an amount not to  
39 exceed more than 0.5% of the amount of the immediately preceding fiscal  
40 year; and (C) for the fiscal year commencing in calendar year 2007 and  
41 in each subsequent calendar year, an amount not to exceed more than  
42 0.6% of the amount of the immediately preceding fiscal year.

43 (iii) Except as specifically provided in this section, for fiscal years

1 commencing in calendar year 1997 and in each subsequent calendar year,  
2 the rate of contribution certified to participating employers other than  
3 the state of Kansas shall in no event exceed such participating employer's  
4 contribution rate for the immediately preceding fiscal year by more than  
5 0.15% of the amount of compensation upon which members contribute  
6 during the period.

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

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

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

34 (vii) If the combined employer rate of contribution calculated for the  
35 state of Kansas and participating employers under K.S.A. 74-4931, and  
36 amendments thereto, is greater than the separate employer rate of con-  
37 tribution for the state of Kansas, the difference in the two rates applied  
38 to the actual payroll of the state of Kansas for the applicable fiscal year  
39 shall be calculated. This amount shall be certified by the board as addi-  
40 tional employer contributions for the participating employers under  
41 K.S.A. 74-4931, and amendments thereto, to the division of budget and  
42 governor who shall include in the budget each year thereafter provisions  
43 for the transfer from the state general fund of sufficient sums to satisfy

1 this obligation. This amount shall be distributed through the same pro-  
2 cedure as followed for the employer contribution payments under K.S.A.  
3 74-4939 and K.S.A. 74-4939a, and amendments thereto, and then remit-  
4 ted by the participating employers to the Kansas public employees re-  
5 tirement system for deposit as additional employer contributions to the  
6 retirement benefit accumulation reserve for the participating employers  
7 under K.S.A. 74-4931, and amendments thereto.

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

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

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

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

27 (10) *The actuarial accrued liability incurred for the provisions of sec-*  
28 *tion 1 shall be amortized over 15 years.*

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

34 ~~(11)~~ (12) For employers affiliating on and after January 1, 1999, the  
35 rates of contribution certified to the participating employer as provided  
36 in this section shall apply during the fiscal year immediately following  
37 such certification, but the rate of contribution during the first year fol-  
38 lowing the employer's entry date shall be equal to 7% of the amount of  
39 compensation on which members contribute during the year. Any amount  
40 of such first year's contribution which may be in excess of the necessary  
41 current service contribution shall be credited by the board to the respec-  
42 tive employer's prior service liability.

43 ~~(12)~~ (13) Employer contributions shall in no way be limited by any

1 other act which now or in the future establishes or limits the compen-  
2 sation of any member.

3 ~~(13)~~ (14) Notwithstanding any provision of law to the contrary, each  
4 participating employer shall remit quarterly, or as the board may other-  
5 wise provide, all employee deductions and required employer contribu-  
6 tions to the executive director for credit to the Kansas public employees  
7 retirement fund within three days after the end of the period covered by  
8 the remittance by electronic funds transfer. Remittances of such deduc-  
9 tions and contributions received after such date are delinquent. Delin-  
10 quent payments due under this subsection shall be subject to interest at  
11 the rate established for interest on judgments under subsection (a) of  
12 K.S.A. 16-204 and amendments thereto. At the request of the board,  
13 delinquent payments which are due or interest owed on such payments,  
14 or both, may be deducted from any other moneys payable to such em-  
15 ployer by any department or agency of the state.

16 Sec. 3. K.S.A. 2006 Supp. 74-4920 is hereby repealed.

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