

HOUSE BILL No. 2977

By Committee on Appropriations

3-19

9 AN ACT concerning retirement; relating to deferred compensation; par-
10 ticipation by certain retirants; contributions; amending K.S.A. 2007
11 Supp. 74-49b07, 74-49b10 and 74-49b14 and repealing the existing
12 sections.
13

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

15 New Section 1. (a) Pursuant to section 401(a) of the federal internal
16 revenue code, the board of trustees of the Kansas public employees re-
17 tirement system shall establish a qualified plan in accordance with this
18 act under which the state shall contribute the amount as provided in
19 subsection (b) to the deferred compensation plan established under
20 K.S.A. 2007 Supp. 74-49b09, and amendments thereto, for each em-
21 ployee of a state agency as defined in subsection (3) of K.S.A. 75-3701,
22 and amendments thereto, who is a retirant of the Kansas public employ-
23 ees retirement system and who elects to participate in such plan.

24 (b) Each state agency that has on its payroll persons participating in
25 the deferred compensation plan under the provisions of subsection (a)
26 shall pay from any moneys available to the state agency for such purpose
27 an amount equal to 2% of the participant's salary or compensation on
28 such participant's behalf, subject to appropriations for that purpose.

29 (c) The qualified plan established under subsection (a) shall be sub-
30 ject to and comply with the Kansas public employees deferred compen-
31 sation act.

32 (d) For purposes of this section, "Kansas public employees retire-
33 ment system" means the Kansas public employees retirement system, the
34 Kansas police and firemen's retirement system, the state school retire-
35 ment system and the retirement system for judges.

36 New Sec. 2. (a) Pursuant to section 401(a) of the federal internal
37 revenue code, each participating employer other than a state agency as
38 defined in subsection (3) of K.S.A. 75-3701, and amendments thereto,
39 shall establish a qualified plan in accordance with the provisions of K.S.A.
40 74-49b14, and amendments thereto, related to participation by such par-
41 ticipating employer in the deferred compensation plan for state employ-
42 ees established under K.S.A. 74-49b09, and amendments thereto, under
43 which the participating employer shall contribute the amount as provided

1 in subsection (b) to the plan for each of its employees who is a retirant
2 of the Kansas public employees retirement system and who elects to partic-
3 cipate in such plan.

4 (b) Each participating employer other than a state agency that has on
5 its payroll persons participating in a plan under subsection (a) shall pay
6 from any moneys available to the participating employer for such purpose
7 an amount equal to 2% of each participant's salary or compensation on
8 such participant's behalf, subject to appropriations for that purpose.

9 (c) Each participating employer other than a state agency that has on
10 its payroll persons participating in a plan under subsection (a) shall enter
11 into a participation agreement with each such participant providing that
12 the participating employer shall defer from the participant's salary or
13 compensation each payroll period an amount equal to no less than 4% of
14 the salary or compensation of such participant.

15 (d) The qualified plan established under subsection (a) shall be sub-
16 ject to and comply with the Kansas public employees deferred compen-
17 sation act.

18 (e) For purposes of this section, "Kansas public employees retire-
19 ment system" means the Kansas public employees retirement system, the
20 Kansas police and firemen's retirement system, the state school retire-
21 ment system and the retirement system for judges.

22 Sec. 3. K.S.A. 2007 Supp. 74-49b07 is hereby amended to read as
23 follows: 74-49b07. The provisions of this section, K.S.A. 2007 Supp. 74-
24 49b08, 74-49b09, 74-49b10, 74-49b11, 74-49b12, 74-49b13, 74-49b14
25 ~~and~~, 74-49b15, *section 1 and section 2*, and amendments thereto, shall
26 be known and may be cited as the Kansas public employees deferred
27 compensation act.

28 Sec. 4. K.S.A. 2007 Supp. 74-49b10 is hereby amended to read as
29 follows: 74-49b10. (a) (1) The board is authorized to enter into a voluntary
30 participation agreement with any employee of the state whereby a portion
31 of the employee's salary or compensation from the state shall be deferred
32 and deducted each payroll period in accordance with subsection (b) and
33 the Kansas public employees deferred compensation plan. ~~Such~~

34 (2) *The board shall enter into a participation agreement with each*
35 *employee of a state agency who is a participant in the deferred compen-*
36 *sation plan pursuant to section 1, and amendments thereto, whereby an*
37 *amount equal to not less than 4% of the employee's salary or compensation*
38 *from the state shall be deferred and deducted each payroll period in ac-*
39 *cordance with subsection (b) and the Kansas public employees deferred*
40 *compensation plan.*

41 (3) *Each participation agreement entered into pursuant to subsection*
42 *(a)(1) or (a)(2) may require each participant to pay a service charge to*
43 *defray all or part of any significant costs incurred and to be recovered by*

1 the state pursuant to subsection (c) of K.S.A. 2007 Supp. 74-49b09, and
2 amendments thereto, as a result of the administration of this act.

3 (b) Pursuant to this act and such participation agreements, the direc-
4 tor of accounts and reports, as a part of the system of regular payroll
5 deductions and using funds either appropriated or otherwise available for
6 such purpose, shall establish a system for the following purposes: (1) To
7 defer each payroll period the amounts authorized in such participation
8 agreements from the salary or compensation of each employee who has
9 entered into a participation agreement; and

10 (2) to remit these moneys in accordance with the Kansas public em-
11 ployees deferred compensation plan.

12 (c) (1) Pursuant to section 401(a) of the federal internal revenue
13 code, the board may establish a qualified plan under which the state may
14 contribute a specified amount, subject to appropriations, to the deferred
15 compensation plan for state employees who have entered into a voluntary
16 participation agreement with the board under this section.

17 (2) Any state agency that has on its payroll persons participating in
18 any qualified plan established under subsection (c)(1), shall pay from any
19 moneys available to the state agency for such purpose an amount specified
20 in the qualified plan, subject to appropriations for that purpose.

21 (d) The Kansas public employees deferred compensation plan shall
22 exist and be in addition to, and shall not be a part of any retirement or
23 pension system for employees. The state shall not be responsible for any
24 loss incurred by any participant under the Kansas public employees de-
25 ferred compensation plan established and approved pursuant to this act.

26 (e) Any amount of the employee's salary or compensation that is de-
27 ferred under such authorized participation agreement shall continue to
28 be included as regular compensation for all purposes of computing re-
29 tirement and pension benefits earned by any such employee, but any sum
30 deferred or deducted shall not be subject to any state or local income
31 taxes for the year in which such sum is earned but shall be subject to
32 applicable state and local income taxes for the year in which such sum is
33 received by the employee.

34 (f) A deferred compensation clearing fund shall be established in the
35 state treasury in which all compensation deferred, deducted or contrib-
36 uted in accordance with this act and as provided for in each participation
37 agreement shall be temporarily placed.

38 Sec. 5. K.S.A. 2007 Supp. 74-49b14 is hereby amended to read as
39 follows: 74-49b14. (a) The board may enter into an agreement with any
40 local government of the state of Kansas making the services under con-
41 tracts entered into by the board under subsection (b) of K.S.A. 2007 Supp.
42 74-49b09, and amendments thereto, available to the local government,
43 subject to the terms and conditions of those contracts and the agreement

1 entered into between the board and the local governmental unit, if the
2 local governmental unit meets all of the following conditions: (1) The
3 local governmental unit meets the definition of eligible employer as de-
4 fined in K.S.A. 74-4902, and amendments thereto;

5 (2) the governing body of the local governmental unit has enacted an
6 ordinance or resolution adopting *one or both of the following*:

7 (A) The terms of the deferred compensation plan for state employees
8 established under K.S.A. 2007 Supp. 74-49b09 and amendments thereto
9 as the local government deferred compensation plan for the employees
10 of that local governmental unit; *or*

11 (B) *the terms of the qualified plan established under section 1, and*
12 *amendments thereto, for state employees who are retirants of the Kansas*
13 *public employees retirement system as the qualified plan to be established*
14 *pursuant to section 2, and amendments thereto, for its employees who are*
15 *retirants of the Kansas public employees retirement system; and*

16 (3) the governing body certified that the local governmental unit will
17 make such local government deferred compensation plan available to its
18 employees and will administer it in accordance with the provisions of this
19 act, ~~section 457~~ *the applicable sections* of the federal internal revenue
20 code of 1986, and amendments thereto, and the deferred compensation
21 plan established by the board under K.S.A. 2007 Supp. 74-49b09, and
22 amendments thereto.

23 (b) Except for such agreement, the board or any other state officer
24 or employee shall not be involved nor incur any expense in the admin-
25 istration of a plan adopted by a local governmental unit under subsection
26 (a), except to the extent that such costs are reimbursed under one or both
27 of the methods identified in subsection (c) of K.S.A. 2007 Supp. 74-
28 49b09, and amendments thereto.

29 (c) The state shall not be responsible for any loss incurred by any
30 local governmental unit participant under a local government deferred
31 compensation plan established as provided pursuant to subsection (a).

32 Sec. 6. K.S.A. 2007 Supp. 74-49b07, 74-49b10 and 74-49b14 are
33 hereby repealed.

34 Sec. 7. This act shall take effect and be in force from and after its
35 publication in the statute book.