

## SENATE BILL No. 661

By Committee on Ways and Means

2-27

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9 AN ACT concerning retirement; relating to the Kansas public employees  
10 retirement system and systems thereunder; postretirement benefit  
11 payments; amending K.S.A. 2007 Supp. 74-4920 and repealing the  
12 existing section.  
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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 to each retirant who retires under the provisions of K.S.A. 79-4901  
17 et seq., and amendments thereto, shall be increased as follows: (1) Com-  
18 mencing July 1, 2008, by an amount equal to 1% of the retirement benefit,  
19 pension or annuity in effect on July 1, 2008; (2) commencing July 1, 2009,  
20 by an amount equal to 1% or an additional 1% for those retirants who  
21 received the increase in clause (1) of the retirement benefit, pension or  
22 annuity in effect on July 1, 2009; and (3) commencing July 1, 2010, by an  
23 amount equal to 1% or an additional 1% for those retirants who received  
24 the increase in clause (1) or (2), or both, of the retirement benefit, pension  
25 or annuity in effect on July 1, 2010. Such payment increase shall be paid  
26 by the system to the retirant during any such period.

27 (b) As used in this section:

28 (1) "Retirant" means: (A) Any person who is a member or special  
29 member of the retirement system pursuant to the provisions of K.S.A.  
30 74-4901 et seq., and amendments thereto, and for the payment increase  
31 commencing on July 1, 2008, who retired prior to July 1, 2007; for the  
32 payment increase commencing on July 1, 2009, who retired prior to July  
33 1, 2008; and for the payment increase commencing on July 1 2010, who  
34 retired prior to July 1, 2009; and (B) any person who is a joint annuitant  
35 or beneficiary of any member described in clause (A); and

36 (2) "Kansas public employees retirement system" means the Kansas  
37 public employees retirement system, the Kansas police and firemen's re-  
38 tirement system, the state school retirement system and the retirement  
39 system for judges.

40 Sec. 2. K.S.A. 2007 Supp. 74-4920 is hereby amended to read as  
41 follows: 74-4920. (1) (a) Upon the basis of each annual actuarial valuation  
42 and appraisal as provided for in subsection (3)(a) of K.S.A. 74-4908 and  
43 amendments thereto, the board shall certify, on or before July 15 of each

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

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

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

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

42 (3) Each other participating employer shall appropriate and pay to  
43 the system a sum sufficient to satisfy the obligation under this act as

1 certified by the board.

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

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

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

37 (ii) Except as specifically provided in this subsection, for the fiscal  
38 years commencing in the following calendar years, the rate of contribution  
39 certified to the state of Kansas and to the participating employers under  
40 K.S.A. 74-4931, and amendments thereto shall in no event exceed the  
41 state's contribution rate for the immediately preceding fiscal year by more  
42 than the following amounts expressed as a percentage of compensation  
43 upon which members contribute during the period: (A) For the fiscal

1 year commencing in calendar year 2005, an amount not to exceed more  
2 than 0.4% of the amount of the immediately preceding fiscal year; (B)  
3 for the fiscal year commencing in calendar year 2006, an amount not to  
4 exceed more than 0.5% of the amount of the immediately preceding fiscal  
5 year; and (C) for the fiscal year commencing in calendar year 2007 and  
6 in each subsequent calendar year, an amount not to exceed more than  
7 0.6% of the amount of the immediately preceding fiscal year.

8 (iii) Except as specifically provided in this section, for fiscal years  
9 commencing in calendar year 1997 and in each subsequent calendar year,  
10 the rate of contribution certified to participating employers other than  
11 the state of Kansas shall in no event exceed such participating employer's  
12 contribution rate for the immediately preceding fiscal year by more than  
13 0.15% of the amount of compensation upon which members contribute  
14 during the period.

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

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

37 (vi) There shall be a separate employer rate of contribution certified  
38 to the state of Kansas. There shall be a separate employer rate of contri-  
39 bution certified to participating employers under K.S.A. 74-4931, and  
40 amendments thereto. There shall be a separate employer rate of contri-  
41 bution certified to all other participating employers.

42 (vii) If the combined employer rate of contribution calculated for the  
43 state of Kansas and participating employers under K.S.A. 74-4931, and

1 amendments thereto, is greater than the separate employer rate of con-  
2 tribution for the state of Kansas, the difference in the two rates applied  
3 to the actual payroll of the state of Kansas for the applicable fiscal year  
4 shall be calculated. This amount shall be certified by the board as addi-  
5 tional employer contributions for the participating employers under  
6 K.S.A. 74-4931, and amendments thereto, to the division of budget and  
7 governor who shall include in the budget each year thereafter provisions  
8 for the transfer from the state general fund of sufficient sums to satisfy  
9 this obligation. This amount shall be distributed through the same pro-  
10 cedure as followed for the employer contribution payments under K.S.A.  
11 74-4939 and K.S.A. 74-4939a, and amendments thereto, and then remit-  
12 ted by the participating employers to the Kansas public employees re-  
13 tirement system for deposit as additional employer contributions to the  
14 retirement benefit accumulation reserve for the participating employers  
15 under K.S.A. 74-4931, and amendments thereto.

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

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

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

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

35 (10) The cost of the postretirement benefit payment provided pur-  
36 suant to the provisions of K.S.A. 2007 Supp. 74-49,114b, and amendments  
37 thereto, for retirants other than local retirants as described in subsection  
38 (11) or insured disability benefit recipients shall be paid in the fiscal year  
39 commencing on July 1, 2007.

40 (11) The actuarial accrued liability incurred for the provisions of  
41 K.S.A. 2007 Supp. 74-49,114b, and amendments thereto, for the KPERS  
42 local group and retirants who were employees of local employers which  
43 affiliated with the Kansas police and firemen's retirement system shall be

1 amortized over 10 years.

2 (12) *The actuarial accrued liability incurred for the provisions of sec-*  
3 *tion 1, and amendments thereto, for local group retirants of the Kansas*  
4 *public employees retirement system and retirants who were employees of*  
5 *local employers that affiliated with the Kansas police and firemen's re-*  
6 *retirement system shall be amortized over 15 years using the level percent*  
7 *of payroll amortization method.*

8 (13) *The actuarial accrued liability incurred for the provisions of sec-*  
9 *tion 1, and amendments thereto, for retirants other than local retirants*  
10 *described in subsection (12), shall be amortized over 15 years using the*  
11 *level dollar amortization method.*

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

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

26 ~~(14)~~ (16) Employer contributions shall in no way be limited by any  
27 other act which now or in the future establishes or limits the compen-  
28 sation of any member.

29 ~~(15)~~ (17) Notwithstanding any provision of law to the contrary, each  
30 participating employer shall remit quarterly, or as the board may other-  
31 wise provide, all employee deductions and required employer contribu-  
32 tions to the executive director for credit to the Kansas public employees  
33 retirement fund within three days after the end of the period covered by  
34 the remittance by electronic funds transfer. Remittances of such deduc-  
35 tions and contributions received after such date are delinquent. Delin-  
36 quent payments due under this subsection shall be subject to interest at  
37 the rate established for interest on judgments under subsection (a) of  
38 K.S.A. 16-204 and amendments thereto. At the request of the board,  
39 delinquent payments which are due or interest owed on such payments,  
40 or both, may be deducted from any other moneys payable to such em-  
41 ployer by any department or agency of the state.

42 Sec. 3. K.S.A. 2007 Supp. 74-4920 is hereby repealed.

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