

Substitute for HOUSE BILL No. 2400

By Select Committee on KPERS

3-22

AN ACT concerning retirement and pensions; relating to the Kansas public employees retirement system and systems thereunder; employer contributions; authorizing lottery act revenues to be used for unfunded liability of system; amending K.S.A. 2009 Supp. 74-4920 and 74-8768 and repealing the existing sections.

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

Section 1. K.S.A. 2009 Supp. 74-4920 is hereby amended to read as follows: 74-4920. (1) (a) Upon the basis of each annual actuarial valuation and appraisal as provided for in subsection (3)(a) of K.S.A. 74-4908 and amendments thereto, the board shall certify, on or before July 15 of each year, to the division of the budget in the case of the state and to the agent for each other participating employer an actuarially determined estimate of the rate of contribution which will be required, together with all accumulated contributions and other assets of the system, to be paid by each such participating employer to pay all liabilities which shall exist or accrue under the system, including amortization of the actuarial accrued liability as determined by the board. The board shall determine the actuarial cost method to be used in annual actuarial valuations, to determine the employer contribution rates that shall be certified by the board. Such certified rate of contribution, amortization methods and periods and actuarial cost method shall be based on the standards set forth in subsection (3)(a) of K.S.A. 74-4908 and amendments thereto and shall not be based on any other purpose outside of the needs of the system.

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

1 For all participating employers described in this section, the board shall
2 determine the actuarial cost method to be used in annual actuarial valu-
3 ations to determine the employer contribution rates that shall be certified
4 by the board.

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

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

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

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

1 together with any other fund available, shall be sufficient to enable the
2 participating employer to make the contributions required by this act.

3 (5) (a) The rate of contribution certified to a participating employer
4 as provided in this section shall apply during the fiscal year of the partic-
5 ipating employer which begins in the second calendar year following the
6 year of the actuarial valuation.

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

13 (ii) Except as specifically provided in this subsection, for the fiscal
14 years commencing in the following calendar years, the rate of contribution
15 certified to the state of Kansas and to the participating employers under
16 K.S.A. 74-4931, and amendments thereto shall in no event exceed the
17 state's contribution rate for the immediately preceding fiscal year by more
18 than the following amounts expressed as a percentage of compensation
19 upon which members contribute during the period: (A) For the fiscal
20 year commencing in calendar year 2005, an amount not to exceed more
21 than 0.4% of the amount of the immediately preceding fiscal year; (B)
22 for the fiscal year commencing in calendar year 2006, an amount not to
23 exceed more than 0.5% of the amount of the immediately preceding fiscal
24 year; ~~and (C) for the fiscal year commencing in calendar year 2007 and~~
25 ~~in each subsequent calendar year years 2007 through 2011, an amount~~
26 not to exceed more than 0.6% of the amount of the immediately preced-
27 ing fiscal year; *and (D) for the fiscal year commencing in calendar year*
28 *2012 and in each subsequent calendar year, an amount not to exceed more*
29 *than 1% of the amount of the immediately preceding fiscal year.*

30 (iii) Except as specifically provided in this section, for fiscal years
31 commencing in calendar year 1997 and in each subsequent calendar year,
32 the rate of contribution certified to participating employers other than
33 the state of Kansas shall in no event exceed such participating employer's
34 contribution rate for the immediately preceding fiscal year by more than
35 0.15% of the amount of compensation upon which members contribute
36 during the period.

37 (iv) 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 participating employers other than the state of Kansas shall
40 in no event exceed the contribution rate for such employers for the im-
41 mediately preceding fiscal year by more than the following amounts ex-
42 pressed as a percentage of compensation upon which members contribute
43 during the period: (A) For the fiscal year commencing in calendar year

1 2006, an amount not to exceed more than 0.4% of the amount of the
2 immediately preceding fiscal year; (B) for the fiscal year commencing in
3 calendar year 2007, an amount not to exceed more than 0.5% of the
4 amount of the immediately preceding fiscal year; and (C) for the fiscal
5 year commencing in calendar year 2008 and in each subsequent calendar
6 year, an amount not to exceed more than 0.6% of the amount of the
7 immediately preceding fiscal year.

8 (v) As part of the annual actuarial valuation, there shall be a separate
9 employer rate of contribution calculated for the state of Kansas, a separate
10 employer rate of contribution calculated for participating employers under
11 K.S.A. 74-4931 and amendments thereto, a combined employer rate
12 of contribution calculated for the state of Kansas and participating em-
13 ployers under K.S.A. 74-4931, and amendments thereto, and a separate
14 employer rate of contribution calculated for all other participating
15 employers.

16 (vi) There shall be a combined employer rate of contribution certified
17 to the state of Kansas and participating employers under K.S.A. 74-4931,
18 and amendments thereto. There shall be a separate employer rate of
19 contribution certified to all other participating employers.

20 (vii) If the combined employer rate of contribution calculated for the
21 state of Kansas and participating employers under K.S.A. 74-4931, and
22 amendments thereto, is greater than the separate employer rate of con-
23 tribution for the state of Kansas, the difference in the two rates applied
24 to the actual payroll of the state of Kansas for the applicable fiscal year
25 shall be calculated. This amount shall be certified by the board for deposit
26 as additional employer contributions to the retirement benefit accumu-
27 lation reserve for the participating employers under K.S.A. 74-4931, and
28 amendments thereto.

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

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

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

42 (9) Notwithstanding the provisions of subsection (8), the actuarial
43 cost of the provisions of K.S.A. 74-49,109 et seq., and amendments

1 thereto shall be first reflected in employer contribution rates effective
2 with the first day of the first payroll period for the fiscal year 2005. The
3 actuarial accrued liability incurred for the provisions of K.S.A. 74-49,109
4 et seq., and amendments thereto shall be amortized over 10 years.

5 (10) The cost of the postretirement benefit payment provided pur-
6 suant to the provisions of K.S.A. 2009 Supp. 74-49,114b, and amendments
7 thereto, for retirants other than local retirants as described in subsection
8 (11) or insured disability benefit recipients shall be paid in the fiscal year
9 commencing on July 1, 2007.

10 (11) The actuarial accrued liability incurred for the provisions of
11 K.S.A. 2009 Supp. 74-49,114b, and amendments thereto, for the KPERS
12 local group and retirants who were employees of local employers which
13 affiliated with the Kansas police and firemen's retirement system shall be
14 amortized over 10 years.

15 (12) The cost of the postretirement benefit payment provided pur-
16 suant to the provisions of K.S.A. 2009 Supp. 74-49,114c, and amendments
17 thereto, for retirants other than local retirants as described in subsection
18 (13) or insured disability benefit recipients shall be paid in the fiscal year
19 commencing on July 1, 2008.

20 (13) The actuarial accrued liability incurred for the provisions of
21 K.S.A. 2009 Supp. 74-49,114c, and amendments thereto, for the KPERS
22 local group and retirants who were employees of local employers which
23 affiliated with the Kansas police and firemen's retirement system shall be
24 amortized over 10 years.

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

30 (15) For employers affiliating on and after January 1, 1999, the rates
31 of contribution certified to the participating employer as provided in this
32 section shall apply during the fiscal year immediately following such cer-
33 tification, but the rate of contribution during the first year following the
34 employer's entry date shall be equal to 7% of the amount of compensation
35 on which members contribute during the year. Any amount of such first
36 year's contribution which may be in excess of the necessary current serv-
37 ice contribution shall be credited by the board to the respective em-
38 ployer's prior service liability.

39 (16) Employer contributions shall in no way be limited by any other
40 act which now or in the future establishes or limits the compensation of
41 any member.

42 (17) Notwithstanding any provision of law to the contrary, each par-
43 ticipating employer shall remit quarterly, or as the board may otherwise

1 provide, all employee deductions and required employer contributions to
2 the executive director for credit to the Kansas public employees retire-
3 ment fund within three days after the end of the period covered by the
4 remittance by electronic funds transfer. Remittances of such deductions
5 and contributions received after such date are delinquent. Delinquent
6 payments due under this subsection shall be subject to interest at the rate
7 established for interest on judgments under subsection (a) of K.S.A. 16-
8 204 and amendments thereto. At the request of the board, delinquent
9 payments which are due or interest owed on such payments, or both, may
10 be deducted from any other moneys payable to such employer by any
11 department or agency of the state.

12 Sec. 2. K.S.A. 2009 Supp. 74-8768 is hereby amended to read as
13 follows: 74-8768. There is hereby created the expanded lottery act reve-
14 nues fund in the state treasury. All expenditures and transfers from such
15 fund shall be made in accordance with appropriation acts. All moneys
16 credited to such fund shall be expended or transferred only for the pur-
17 poses of reduction of state debt, state infrastructure improvements ~~and~~
18 reduction of local ad valorem tax in the same manner as provided for
19 allocation of amounts in the local ad valorem tax reduction fund *and*
20 *expenditures by the Kansas public employees retirement system to be ap-*
21 *plied to the payment of the unfunded actuarial liability of the state for*
22 *the state of Kansas and participating employers under K.S.A. 74-4931,*
23 *and amendments thereto, portion of such liability, as directed by the Kan-*
24 *sas public employees retirement system.*

25 Sec. 3. K.S.A. 2009 Supp. 74-4920 and 74-8768 are hereby repealed.

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

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