

MINUTES OF THE SENATE COMMITTEE ON WAYS AND MEANSThe meeting was called to order by Senator Paul Hess at  
Chairperson12:30 /a.m./p.m. on April 7, 1983, 19\_\_ in room 123-S of the Capitol.All members were present except:  
Senator Hein

## Committee staff present:

Research Department: Sherry Brown, Mary Galligan, Louis Chabira, Tom Severn  
Revisor's Office: Norman Furse  
Committee Office: Mark Skinner, Doris Fager

## Conferees appearing before the committee:

Rick von Ende, University of Kansas  
Bill Edds, Department of Revenue  
Marshall Crowther, Kansas Public Employees Retirement SystemHB 2244 - KPERS, Judges retirement, etc.

The subcommittee which had been studying this proposal distributed their report (Attachment A). They asked Mr. Crowther to explain the report and the amendments proposed by the subcommittee.

Mr. Crowther gave a thorough explanation of the report and of additional matters set out in Attachment B. In discussing Attachment B, he noted that numbers 1, 4, 7 and 10 are covered by the report itself; numbers 5, 8 and 11 are new policy questions; and number 2 should have been sunsetted, since it was included in special circumstances last year.

There was an extended discussion concerning HB 2244 as originally introduced, and the ramifications of House Committee amendments. It was decided that judges are not agreed upon which version of the bill should be passed, depending upon the ages of the judges.

Motion was made by Senator Steineger and seconded by Senator McCray to strike lines 28 to 31, and reinsert all stricken language which was subsection (b). Conceptually, Senator Steineger's intention was to delete all amendments to the original bill. Following an extended discussion, the motion lost on a tie vote.

Motion was made by Senator Talkington and seconded by Senator Doyen to amend HB 2244 by adoption of the subcommittee report. The motion carried by voice vote.

Motion was made by Senator Talkington and seconded by Senator Bogina to amend HB 2244 by including Numbers 2, 3, 6 and 9 in Attachment B. The motion carried by voice vote.

Motion was made by Senator Doyen and seconded by Senator Talkington to amend HB 2244 by inserting SB 422. The motion carried by voice vote.

Motion was made by Senator Talkington and seconded by Senator Doyen to report HB 2244 as amended favorably for passage. The motion carried by roll call vote.

HB 2563 - Appropriations FY 1984, University of Kansas Medical Center

Motion was made by Senator Gaines and seconded by Senator Talkington to reconsider action on HB 2563. The motion carried by voice vote.

HB 2563 - Continued

Senator Gaines explained that the Senate had voted to increase O.O.E. by 7% and the House had increased it 5.5%. After the conference committees had met on other appropriations bills, the increase was 6.5% by decision of both houses.

Motion was made by Senator Gaines and seconded by Senator Steineger to place the increase in O.O.E. at 6.5% in HB 2563, the same as at other institutions.

There were questions concerning the funds included in this increase. Mr. von Ende explained that when the budget came out of House committee it was thought the O.O.E. was established at a higher level than it was. In answer to a question from Senator Bogina, he said the \$935,000 for equipment is part of the O.O.E. calculation. Senator Hess added that moneys in the amount of \$1.2 million were inadvertently lapsed. He noted that if you assume it was not the intent of the Legislature to lapse this money, KUMC is below other institutions in O.O.E. It was noted that Senator Gaines motion appropriates \$267,000 additional funding. The motion carried by voice vote.

Motion was made by Senator Talkington and seconded by Senator Gaines to report HB 2563 as further amended favorably for passage. The motion carried by roll call vote.

SB 436 - Decoupling of Federal income tax from state income tax

Mr. Edds distributed Attachments C, D, E and F for the committee's consideration. When asked by Senator Hess about the practice in other states, Mr. Edds said that only 16 states allow deduction of federal income taxes paid. In answer to Senator Warren's question about the reason for taking this approach, Mr. Edds said it produces a more progressive income tax system as a whole.

There was discussion about the concept of SB 436, which is one of the bills suggested by the Governor to raise revenue needed by the state. Senator Bogina said he goes along with the intent of the bill, but would rather use the bracket system instead of the system in SB 436. Senator Werts said he did not understand the Governor's rationale for a large tax increase laid on a small portion of the population of the state. He suggested that the principal of taxing according to ability to pay and distributing to each according to need is that being used by the Governor. Senator Steineger said he would quarrel with that, because that would be Communism.

There were many questions from committee members concerning the charts distributed by Mr. Edds.

No action was taken on SB 436, and the meeting was adjourned by the Chairman.

## SUBCOMMITTEE REPORT

The Subcommittee on retirement matters makes the following recommendations to the Senate Committee on Ways and Means concerning H.B. 2244.

As amended by the House Committee on Pensions, Investments, and Benefits, H.B. 2244 eliminates the current statutory death benefit of 65 percent of a judge's annual salary at the time of death and provides judges with insured death benefit coverage under KPERS group life insurance plan. The bill also provides a retirement benefit based on a participating service rate of 4 percent of final average salary for up to 10 years of participating service. For participating service in excess of 10 years, the current rate of 3 1/3 percent would continue to apply.

The Subcommittee recommends that H.B. 2244 be reported favorably, as amended by the House. The Subcommittee recommends that the bill be further amended to include the following additional provisions:

Funeral Benefit Increase. 1982 H.B. 2623 provided for KPERS to pay funeral and burial expenses of not to exceed \$750 upon the death of a retirant who is a member of any of the state retirement systems, subject to reduction for any funeral or burial benefits under the Social Security Act or any local police or fire pension plan. This amendment increases the maximum benefit from \$750 to \$1,000, eliminates the Social Security offset, and changes "funeral and burial expenses" to "lump-sum death benefit."

Age Limit for Membership Eliminated. This amendment allows any person age 59 or older who is employed by a participating employer under KPERS Nonschool or School Retirement Systems to become members of KPERS. Provision is also made for any person employed by a participating employer on June 17, 1983, who was 59 or over when employed, to elect to become a member of KPERS. Under current law employees hired after the entry date of the employer who are age 59 or older cannot become members. Such persons would not be provided with insured death and disability coverage under KPERS group life insurance plan.

Participation After Age 70. This amendment permits members of KPERS to continue participation beyond age 70. At the present time, members who reach age 70 cease to make contributions to the system and no longer receive service credit.


Mandatory Retirement for Local Employees Eliminated. This amendment would eliminate mandatory retirement between ages 65 and 70 solely on the basis of age for employees of local units of government, including school employees. Elimination of the provision would bring the law governing local government employees into conformity with that applicable to state employees.

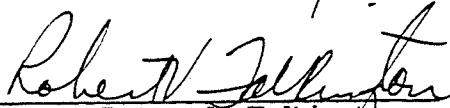
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Prior Service Credit. This amendment allows credit for all prior service for KPEERS members who have 10 or more years of participating service, whether or not a member met the applicable entry date for credit of prior service.

Use of Final Average Salary Made Uniform. This amendment would add the years of service credit for any period of vested service to any subsequent years of service credit (after a former member again becomes a member) so that the same final average salary would be applied to all such years of service. At the present time the final average salary for a period of vested service may be different from that applied to subsequent years of participating service or different from that applied to prior service for those retiring on or after July 1, 1981 (1981 H.B. 2529).

Employer Contribution Rates Recertified. This amendment would advance state employer contribution rates for FY 1985 to FY 1984 as follows: 4.8 to 4.6 percent for nonschool, 4.5 to 4.4 percent for school, and 1.6 to 1.4 percent for TIAA/CREF.

  
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Senator Ross Doyen  
Subcommittee Chairman

  
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Senator Robert V. Talkington

  
\_\_\_\_\_  
Senator Frank Gaines

## REPORTS OF STANDING COMMITTEES

MR. PRESIDENT:

Your Committee on Ways and Means

Recommends that House Bill No. 2244 (As Amended by House Committee)

"AN ACT relating to the Kansas public employees retirement system; concerning the retirement system for judges; providing a plan of death benefits and a minimum retirement annuity; amending K.S.A. 1982 Supp. 20-2610 and 20-2610a and repealing the existing sections."

Be amended:

On page 6, following line 195, by inserting the following:

"Sec. 4. K.S.A. 74-4911 is hereby amended to read as follows: 74-4911. (1) Any employee of a participating employer other than an elected official on the entry date of such employer shall be a member of the system on either the entry date or the first day of the payroll period coinciding with or following the completion of one year of service whichever is later. For purposes of this act occasional breaks in service which shall not exceed an aggregate of ~~ten (10)~~ 10 days in any such year shall not constitute a break in service for purposes of determining the membership date of such employee.

(2) Any employee other than an elected official who is employed by a participating employer after the entry date of such employer ~~and who had not attained age fifty-nine (59) at date of employment~~ shall be a member of the system on the first day of the payroll period coinciding with or following completion of one year of continuous service, except that such member who has attained age 59 or older at date of employment shall not be covered by the provisions of K.S.A. 74-4927 and amendments thereto. For purposes of this act, occasional breaks in service which shall not exceed an aggregate of ~~ten (10)~~ 10 days in any such year shall not constitute a break in continuous service for

purposes of determining the membership date of such employee. ~~Any employee employed after the entry date of his or her employer who had attained age fifty-nine (59) at date of employment shall not be a member of the system.~~

(3) Any employee who is an elected official and is eligible to join the system shall elect to become or not to become a member of the system within ~~thirty (30)~~ 30 days after the entry date or the first day of the payroll period coinciding with or following one year of service, whichever is later. In the event that such elected official fails to file, within the time hereinbefore prescribed, the election to become a member of the retirement system, it shall be presumed that ~~he or she~~ such person has elected not to become a member.

(4) Any employee other than an elected official who is in military service or on leave of absence on the entry date of ~~his or her~~ such employee's employer shall become a member of the system upon returning to active employment or on the first day of the payroll period coinciding with or following the completion of one year of service, whichever is later. For purposes of this act, occasional breaks in service which shall not exceed an aggregate of ~~ten (10)~~ 10 days in any such year shall not constitute a break in service for purposes of determining the membership date of such employee.

(5) Any employee of the state of Kansas other than an elected official, who is receiving or is eligible for assistance by the state board of regents in the purchase of a retirement annuity under K.S.A. 74-4925, and amendments thereto, and who becomes ineligible for such assistance because such employee's position is reclassified to a position in the classified service under the Kansas civil service act, or who becomes ineligible for such assistance because such person accepts and transfers to a position in the classified service under the Kansas civil service act, shall be a member of the system on the first day of the payroll period coinciding with or following the effective date of such reclassification or transfer. Any such employee who became

ineligible for such assistance prior to the effective date of this act because of such a reclassification or such a transfer occurring prior to the effective date of this act and who is not a member of the system on the effective date of this act, shall be a member of the system on the first day of the payroll period coinciding with or following the effective date of this act.

(6) Any employee of the state board of regents or of an educational institution under its management, other than an elected official, who is a member of the system and who becomes ineligible to be a member of the system because such employee's position is reclassified to a position under the Kansas civil service act which is eligible for assistance by the state board of regents in the purchase of a retirement annuity under K.S.A. 74-4925 and amendments thereto, or who becomes ineligible to be a member of the system because such employee transfers to a position under the Kansas civil service act which is eligible for such assistance, shall become eligible for such assistance in accordance with the provisions of K.S.A. 74-4925 and amendments thereto, unless such employee files a written election in the office of the retirement system, in the form and manner prescribed by the board of trustees thereof, to remain a member of the system prior to the first day of the first complete payroll period occurring after the effective date of such reclassification or transfer. Failure to file such written election shall be presumed to be an election not to remain a member of the system and to become eligible for assistance by the state board of regents in the purchase of a retirement annuity under K.S.A. 74-4925 and amendments thereto. Such election, whether to remain a member of the system or to become eligible for such assistance, shall be effective as of the effective date of such reclassification or transfer, and shall be irrevocable.

Sec. 5. K.S.A. 74-4913 is hereby amended to read as follows: 74-4913. (1) Prior service shall be credited as follows:

(a) A member shall receive full credit for continuous

employment prior to the entry date with his such member's employer on the entry date: ~~---Provided, That,~~ If the employee was employed on ~~the fifteenth day of March, 1961~~ March 15, 1961, by the employer who is his the employee's employer on his the employee's entry date, then all such previous employment, whether or not continuous, shall be credited; otherwise no credit shall be granted for employment prior to a break in continuous employment: ~~---Provided further, That any,~~ Any member or retirant who has been credited with prior service as hereinbefore provided and who was employed by any participating employer on ~~the fifteenth day of March, 1961~~ March 15, 1961, may apply to the board on such forms as it may prescribe for prior service credit with a participating employer other than his the member's entry date employer. Upon receipt of written verification of such employment from said the participating employer, the board may grant such additional prior service credit and with respect to a retirant, shall adjust the amount of the retirement benefit accordingly commencing with the next monthly benefit payment due following receipt of said the written verification. In the case of any person other than a retirant receiving a retirement benefit, such person may make application for an adjustment in the benefit amount in the same manner as a member or retirant, and in such case the adjustment in the benefit amount shall be determined by the board upon the advice of the actuary, and shall commence with the next monthly benefit payment due following receipt of said the written verification;

(b) leaves of absence and military service shall not be counted as breaks in continuous employment; however, military service which is immediately preceded and followed by employment with a participating employer shall be credited, except that after July 1, 1974, not more than five (5) years' credit for military service shall be granted hereunder, but leaves of absence shall not be credited;

(c) any member who was employed in the Kansas state employment service, now a section of the Kansas division of



employment security, during any of the time ~~said~~ the Kansas state employment service was loaned by the state to the federal government (January 1, 1942, for the duration of the emergency period of world war II, which service was returned to the state by the federal government effective November 16, 1946) shall be entitled to prior service credit for the time so employed during the period stated for any service rendered under the jurisdiction of the United States employment service for the federal government in like manner as if ~~said~~ the employment service had remained under the jurisdiction of the state of Kansas;

(d) any member who is not otherwise eligible for service credit as provided for in subsection (1)(a) may be granted credit for the service upon the attainment of 38 quarters of participating service.

(2) Participating service shall be credited as follows: (a) A member shall receive credit for participating service with a participating employer in accordance with the rules and regulations established by the board of trustees; ~~---provided, however,---that,~~ except that no more than one ~~(1)~~ calendar quarter of participating service shall be credited for any employment within any one ~~(1)~~ calendar quarter;

~~(b) No credit shall be allowed for service after the first day of the month following the attainment of age seventy (70) except for service during the first year following the first entry date;~~

~~(c)~~ (b) leaves of absence and military service shall not count as a break in continuous employment provided the member leaves his accumulated contribution on deposit with the fund; however, the period of military service shall be credited, except that after July 1, 1974, not more than five ~~(5)~~ years' credit for military service shall be granted hereunder, but leaves of absence shall not be credited;

~~(d)~~ (c) a period of retirement under the system or a period of total disability, immediately followed by employment with a participating employer, shall not count as a break in continuous

employment: ~~---Provided,---That, except that~~ such periods while not employed shall not be credited as participating service;

~~(e) termination of employment with a participating employer followed by employment with the same or another participating employer within one hundred twenty (120) days shall not constitute a break in continuous employment:---Provided,---That such period while not employed shall not be credited as participating service;~~

~~(f) (d)~~ termination of employment of ~~an elected official~~ person who is a member, followed by employment with a participating employer within five ~~(5)~~ years after such termination, does not constitute a break in continuous employment if such ~~elected official~~ person has not withdrawn his such person's accumulated contribution. Such period while not employed shall not be credited as participating service.

(3) In determining the number of years of credited prior service or participating service a fractional year of six ~~(6)~~ months or more shall be considered as one ~~(1)~~ year and a fractional year of less than six ~~(6)~~ months shall be disregarded.

Sec. 6. K.S.A. 1982 Supp. 74-4914 is hereby amended to read as follows: 74-4914. (1) The normal retirement date for a member of the system shall be the first day of the month coinciding with or following the attainment of age 65. In no event shall a normal retirement date for a member be before six months after the entry date of the participating employer by whom such member is employed. ~~Except for a member who is an elected official or who is employed by the state of Kansas, each member upon giving prior notice to the appointing authority may retire on the normal retirement date or the first day of any month thereafter up to the first day of the month following the attainment of age 70, when retirement shall be compulsory, upon the filing with the office of the retirement system of an application for retirement in such form and manner as the board shall prescribe, except that in the event that the appointing authority desires to continue in employment an employee who is a~~

~~membership beyond age 70, application shall be made to the governing body of the participating employer, requesting that the member be continued in employment beyond age 70 and not be retired and showing that such employee is capable of carrying out assigned duties and that the best interests of the public will be served by continuing such employee in such employment. The application must be approved by the governing body and such approval filed with the board not less than 30 days prior to the member's attainment of age 70 whereupon the member may be continued in employment at the pleasure of the appointing authority so long as the member continues to be mentally and physically capable of carrying out assigned duties. The members shall be eligible to retire in accordance with the provisions of this act. Except for a member who is an elected official or who is employed by the state of Kansas, A member may be retired retire on the normal retirement date or on the first day of any month thereafter upon the filing with the office of the retirement system of a notice for such member's retirement by the appointing authority of such member an application in such form and manner as the board shall prescribe. Nothing herein shall prevent any person, member or retirant from being employed, appointed or elected as an employee, appointee, officer or member of the legislature. A member who is not an elected official and who is employed by the state of Kansas may retire on the normal retirement date or the first day of any month thereafter upon giving prior notice to the appointing authority and the member shall not be subject to the provisions of this subsection (i) relating to compulsory retirement because of age. Elected officers may retire from the system on any date on or after the attainment of the normal retirement date, but no retirement benefits payable under this act shall be paid until the member has terminated such member's office.~~

(2) No retirant shall make contributions to the system or receive service credit for any service after the date of retirement.

(3) Any member may retire before such member's normal retirement date on the first day of any month coinciding with or following the attainment of age 60 or completion of 10 years of credited service, whichever occurs later, but in no event before six months after the entry date, upon the filing with the office of the retirement system of an application for retirement in such form and manner as the board shall prescribe ~~except that within one year after the entry date a member who has not attained age 70, other than an elected official, but is otherwise eligible to retire, may retire only with the approval of the member's appointing authority.~~

Sec. 7. K.S.A. 1982 Supp. 74-4917 is hereby amended to read as follows: 74-4917. (1) Upon termination of employment with a participating employer, not followed by employment with such participating employer or another participating employer, the member shall be paid an amount equal to the member's accumulated contributions then on deposit with the system after making application in such form as may be prescribed by the board, except that the system shall have a reasonable time to process the application for withdrawal. Upon proper notification by the system, member contributions not on deposit with the system shall be paid to the member by the participating employer. A leave of absence, a period of total disability or military service shall not be considered a termination of employment unless the member withdraws accumulated contributions.

(2) If such member has completed 10 years of credited service at date of termination, such member automatically shall be granted a vested retirement benefit in the system, except that at any time prior to the commencement of retirement benefit payments ~~and before attaining age 65~~ the member may withdraw accumulated contributions, whereupon no other benefits shall be payable for such member's prior and participating service credit. Eligibility of such member for retirement benefits and procedures for making application for retirement benefits shall be in accordance with K.S.A. 1982 Supp. 74-4914, ~~except that in lieu~~

~~of the three month notice of intention to retire being made to the appointing authority,~~ and amendments thereto. Such member shall make application for retirement in such form as may be prescribed by the board and retirement benefits shall accrue from the first day of the month following receipt of such application. The amount of the retirement benefit shall be determined as provided in K.S.A. ~~1982-Supp.~~ 74-4915 and amendments thereto.

(3) Termination of employment of a member, followed by employment with a participating employer within five years after such termination, does not constitute a break in continuous employment if such member has not withdrawn accumulated contributions. Such period while not employed shall not be credited.

(4) If, after the expiration of five years following the termination of employment, a former member becomes an employee of such former member's former participating employer, or another participating employer, such former member shall be deemed to be a new employee. If a member, who has a vested benefit again becomes an employee of a participating employer, ~~the amount of such member's vested benefit shall remain in effect and any retirement benefit such member subsequently accrues shall be based on credited service after again becoming such an employee~~ and any credited service such member subsequently accrues shall be added to that which had been vested by virtue of previous service. Eligibility of such member for retirement benefits and procedures for making application for retirement benefits shall be in accordance with K.S.A. ~~1982-Supp.~~ 74-4914 and amendments thereto.

Sec. 8. K.S.A. 1982 Supp. 74-4919 is hereby amended to read as follows: 74-4919. Each participating employer, beginning with the first payroll for services performed after the entry date, shall deduct from the compensation of each member 4% of such member's compensation as employee contributions. ~~After the first anniversary of the first entry date, no contribution shall be deducted from the compensation of a member after the first day~~

~~of the first payroll period following the member's attainment of age 70.~~ Such deductions shall be remitted quarterly, or as the board may otherwise provide, to the executive secretary for deposit in the Kansas public employees retirement fund. Such deductions shall be credited to the members' individual accounts and interest shall be added annually to such accounts.

Sec. 9. K.S.A. 74-4919i is hereby amended to read as follows: 74-4919i. Any person who becomes a member of the Kansas public employees retirement system pursuant to subsection (14) of K.S.A. 74-4902 and amendments thereto, or subsection (4) of K.S.A. 74-4932 and amendments thereto, K.S.A. 74-491ic and amendments thereto or sections 18 and 19 may elect to purchase additional benefits for any service performed during the period that such person was barred from membership in the Kansas public employees retirement system, except that no person shall purchase additional benefits for any service which is the basis or will become the basis for retirement credit or benefits under a retirement annuity under the provisions of K.S.A. 74-4925 and amendments thereto. As used in this section, "annual compensation" means the rate of annual compensation being paid to such member by the participating employer on the date of application to purchase additional benefits. Such member may purchase additional benefits by making application therefor at least three ~~(3)~~ years prior to date of retirement and by making a single lump-sum payment in an amount equal to the then present value of the benefits being purchased as determined by the actuary using the member's attained age, annual compensation at the time of purchase and the actuarial assumptions and tables then in use by the system. The lump-sum payment shall be made immediately upon being notified of the amount due. No participating employer shall pay all or any part of the cost of any additional benefits authorized to be purchased by a member under this section. The benefit for each such year of service shall be equal to ~~one percent (1%)~~ 1% of the annual compensation at the time the member purchases such additional benefits.

Sec. 10. K.S.A. 1982 Supp. 74-4920 is hereby amended to read as follows: 74-4920. (1) Upon the basis of each annual actuarial valuation and appraisal as provided for in subsection (3)(a) of K.S.A. ~~1982-Supp.~~ 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 past service cost over a period of not to exceed 40 years from the entry date, except as otherwise provided in this section, as determined by the board, upon recommendation of the actuary. For the purposes of determining the rate of contribution of each employer affiliating on or after January 1, 1982, the past service cost of the employer shall be amortized over the period from the entry date of such employer to December 31, 2022, inclusive. The rate of contribution for participating employers determined under this section shall not include the costs of administration of the system.

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

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

(4) Each participating employer is hereby authorized to pay the employer's contribution from the same fund that the compensation for which such contribution is made is paid from or from any other funds available to it for such purpose. Each political subdivision, other than an instrumentality of the

state, which is by law authorized to levy taxes for other purposes, may levy annually at the time of its levy of taxes, a tax which may be in addition to all other taxes authorized or limited by law, and shall not be subject to any tax levy limit or aggregate tax levy limit prescribed by any act contained in article 19 of chapter 79 of the Kansas Statutes Annotated or by any act amendatory thereof or supplemental thereto, or any other law, for the purpose of making its contributions under this act and, in the case of cities and counties, to pay a portion of the principal and interest on bonds issued under the authority of K.S.A. 12-1774 and amendments thereto by cities located in the county, which tax, together with any other fund available, shall be sufficient to enable it to make such contribution. In lieu of levying the tax authorized in this subsection, any taxing subdivision may pay such costs from any employee benefits contribution fund established pursuant to K.S.A. 12-16,102 and amendments thereto. Each participating employer which is not by law authorized to levy taxes as described above, but which prepares a budget for its expenses for the ensuing year and presents the same to a governing body which is authorized by law to levy taxes as described above, may include in its budget an amount sufficient to make its contributions under this act which may be in addition to all other taxes authorized or limited by law. Such governing body to which the budget is submitted for approval, may levy a tax sufficient to allow the participating employer to make its contributions under this act which tax may be in addition to all other taxes authorized or limited by law and shall not be subject to any tax levy limit or aggregate tax levy limit prescribed by any act contained in article 19 of chapter 79 of the Kansas Statutes Annotated or any act amendatory thereof or supplemental thereto, which tax, together with any other fund available, shall be sufficient to enable the participating employer to make the contributions required by this act.

(5) The rate of contribution certified to a participating



employer as provided in this section shall apply during the first fiscal year of the participating employer which begins in the calendar year immediately following such certification. For the fiscal year commencing in calendar year ~~1982~~ 1983, the employer rate of contribution for the state of Kansas shall be ~~4.3%~~ 4.6% of the amount of compensation upon which the members contribute during the period and for participating employers under K.S.A. 74-4931 and amendments thereto the employer rate of contribution shall be ~~4.5%~~ 4.4% of the amount of compensation upon which the members contribute during the period and for participating employers under K.S.A. 74-4925 and amendments thereto the employer rate of contribution shall be 1.4% of the amount of compensation. For the fiscal year commencing January 1, ~~1983~~ 1984, the ~~employee~~ employer rate of contribution for participating employers other than the state of Kansas shall be ~~4.3%~~ 4.6% of the amount of compensation upon which members contribute during the period.

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

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

(8) Based upon the report of the actuary of each three-year general investigation of the actuarial experience of the system and the annual actuarial valuations and appraisals under subsection (3) of K.S.A. ~~1982--50pp~~ 74-4908 and amendments thereto, the board shall make a special report to the legislature on the participating service costs of the system. For purposes of this subsection (3), the participating service costs of the system shall include all costs of the system other than those attributable to past service, administration, the insured death

benefit, the insured disability benefit and post-retirement benefit increases. The report shall include a review of the changes in the participating service costs since the preceding three-year general investigation under subsection (3) of K.S.A. ~~1982-Supp.~~ 74-4908, and amendments thereto, and of the rates of contribution for employers and members applicable during that three-year period. The report shall be submitted to the legislative coordinating council on or before the December 1 immediately following the receipt by the board of the report of the actuary on such three-year general investigation of the actuarial experience of the system.

(9) Each participating employer shall remit quarterly, or as the board may otherwise provide, all employee deductions and required employer contributions to the executive secretary for deposit in the Kansas public employees retirement fund within 20 days after the end of the period covered by the remittance or within 25 days after forms or written instructions from the system were mailed by the system to such employer, whichever is later. Remittances of such deductions and contributions received after such date are delinquent. Delinquent payments due under this subsection (9) shall be subject to interest at the rate established for interest on judgments under subsection (a) of K.S.A. 16-204 and amendments thereto. At the request of the board, delinquent payments which are due or interest owed on such payments, or both, may be deducted from any other moneys payable to such employer by any department or agency of the state.

Sec. 11. K.S.A. 1982 Supp. 74-4927a is hereby amended to read as follows: 74-4927a. (1) For the purposes of providing the "insured death benefit" and "insured disability benefit" as prescribed in K.S.A. ~~1982-Supp.~~ 74-4927, and amendments thereto, to those members of the faculty and other persons employed by educational institutions under the management of the state board of regents as defined in paragraph (a) of subsection (1) of K.S.A. 74-4925 and amendments thereto, and who are receiving assistance in the purchase of retirement annuities as therein

provided, the term "member" as used in K.S.A. ~~1982-Supp.~~ 74-4927, and amendments thereto shall include the aforementioned members of the faculty and other persons employed by educational institutions under the management of the state board of regents and who are receiving such assistance.

(2) Each institution under the state board of regents shall pay to the Kansas public employees retirement system in such manner as the board of trustees shall prescribe each payroll period an amount sufficient to pay the employer's contribution to the group insurance reserve as provided in K.S.A. ~~1982-Supp.~~ 74-4927, and amendments thereto. Subsection (2) of K.S.A. 74-4932 and amendments thereto shall also apply in determining such contributions and benefits.

(3) Each institution under the state board of regents shall maintain a file of the beneficiaries named by the persons covered under the provisions of this act in the form and manner as prescribed by the board of trustees.

(4) In the event that a member of the faculty or other person as herein defined becomes eligible for the insured disability benefit, the state board of regents shall continue to provide the assistance including the payment of employers and employees contributions in the purchase of the retirement annuities as provided in K.S.A. 74-4925 and amendments thereto, until the attainment of age 65 or the date of retirement, whichever occurs first.

~~(5) Coverage under the plan of death and long-term disability benefits shall commence July 1, 1973, for such members of the faculty and other persons as herein defined. On and after July 1, 1983, no person who becomes a member after the attainment of age 59 or older shall be eligible for death and long-term disability benefits.~~

Sec. 12. K.S.A. 1982 Supp. 74-4927b is hereby amended to read as follows: 74-4927b. (1) For the purposes of providing the "insured death benefit" and "insured disability benefit" as prescribed in K.S.A. ~~1982-Supp.~~ 74-4927, and amendments thereto,

to those members of the faculty and other persons employed by educational institutions under the management of the state board of education who are receiving assistance in the purchase of retirement annuities as provided in K.S.A. 74-4925 and amendments thereto, the term "member" as used in K.S.A. ~~1982~~ ~~Supp.~~ 74-4927, and amendments thereto, shall include the aforementioned members of the faculty and other persons employed by educational institutions under the management of the state board of education and who are receiving such assistance.

(2) Each institution under the state board of education furnishing such assistance shall pay to the Kansas public employees retirement system in such manner as the board of trustees shall prescribe each payroll period an amount sufficient to pay the employer's contribution to the group insurance reserve as provided in K.S.A. ~~1982-Supp.~~ 74-4927, and amendments thereto. Subsection (2) of K.S.A. 74-4932 and amendments thereto shall also apply in determining such contributions and benefits.

(3) Each such institution under the state board of education shall maintain a file of the beneficiaries named by the persons covered under the provisions of this act in the form and manner as prescribed by the board of trustees.

(4) In the event that a member of the faculty or other person as herein defined becomes eligible for the insured disability benefit, the respective educational institutions under the board of education hereinbefore described shall continue to provide the assistance including the payment of employers and employees contributions in the purchase of the retirement annuities provided in K.S.A. 74-4925 and amendments thereto, until the attainment of age 65 or the date of retirement, whichever occurs first.

(5) ~~Coverage under plan of death and long-term disability benefits shall commence July 1, 1973, for such members of the faculty and other persons as herein defined.~~ On and after July 1, 1983, no person who becomes a member after the attainment of age 59 or older shall be eligible for death and long-term

disability benefits.

Sec. 13. K.S.A. 74-4935 is hereby amended to read as follows: 74-4935. (1) Any employee of a participating employer on the entry date of such employer shall be a member of the system on the entry date.

(2) Any employee other than an elected official who is employed by a participating employer after the entry date of such employer ~~and who has not attained age fifty-nine (59) at the date of employment~~ shall be a member of the system on the first day of such employment, except that such member who has attained age 59 or older at date of employment shall not be covered by the provisions of K.S.A. 74-4927 and amendments thereto.

(3) Any employee who is in military service or on leave of absence on the entry date of ~~his or her~~ the employee's employer shall become a member of the system immediately upon returning to active employment with the same or another participating employer.

(4) Any member of the state school retirement system who meets the following conditions on entry date shall become a member of the system on entry date:

(a) Is not employed by a participating employer, and

(b) has not retired under the state school retirement system, and

(c) has contributions on deposit with the state school retirement system, and

(d) would be eligible for retirement under the state school retirement system based on service which is credited to such member thereunder.

Sec. 14. K.S.A. 74-4936 is hereby amended to read as follows: 74-4936. (1) Prior service shall be credited as follows:

(a) A member shall receive full credit for continuous employment prior to the entry date with ~~his~~ such member's employer on the entry date ~~---Provided, except that if the employee was employed on the fifteenth day of March, 1978~~ March

15, 1970, by a participating employer, then all previous employment with a participating employer shall be credited;

(b) any member of the state school retirement system not employed on the day preceding entry date by an eligible employer which will become a participating employer on entry date, who has contributions on deposit with the state school retirement system on entry date, who would become eligible for a retirement benefit based on the credited service under the state school retirement system, on entry date, and who has not retired under the state school retirement system shall be granted prior service credit for employment with any participating employer prior to entry date;

(c) any member of the state school retirement system not employed on the date preceding entry date by an eligible employer which will become a participating employer on entry date, who has contributions on deposit on entry date, and who would not become eligible for a retirement benefit on the basis of service credited under the state school retirement system on entry date shall not receive credit for such service;

(d) leaves of absence shall not be credited;

(e) military service which is credited under the state school retirement system shall be credited;

(f) one ~~(1)~~ year of prior service credit shall be granted for each year of school employment by a participating employer;

(g) any member who is not otherwise eligible for service credit as provided for in subsection (1)(a) may be granted credit for such service upon the attainment of 38 quarters of participating service.

(2) Participating service shall be credited as follows: (a) A member shall receive credit for participating service with a participating employer in accordance with rules and regulations established by the board of trustees: ~~---Provided, however,~~ except that no more than one ~~(1)~~ calendar quarter of participating service shall be credited for any employment within one ~~(1)~~ calendar quarter;

~~(b) Credit shall not be allowed for service after the first day of the month following the end of the school year during which the member attained age seventy (70);~~

~~(e)~~ leaves of absence and military service shall not count as a break in continuous employment, if the member leaves his accumulated contributions on deposit with the fund ~~however~~. The period of military service shall be credited, except that after July 1, 1974, not more than five ~~(5)~~ years credit for military service shall be granted hereunder, but leaves of absence shall not be credited;

~~(d)~~ (c) termination of employment followed by employment by the same or with another participating employer within five ~~(5)~~ years shall not constitute a break in continuous employment, if such employee leaves his accumulated contributions on deposit with the system. Such period while not employed shall not be credited as participating service.

(3) In determining the numbers of years of credited prior service or participating service a fractional year of six ~~(6)~~ months or more shall be considered as one ~~(1)~~ year and a fractional year of less than six ~~(6)~~ months shall be disregarded.

(4) If a member is on leave of absence or is in military service or has terminated employment with a participating employer ~~for a period of more than one hundred twenty (120) days,~~ he such member may withdraw his accumulated contributions on forms prescribed by the board. In the event the member withdraws ~~his~~ the accumulated contributions, ~~his~~ such member's membership in the system shall terminate and the system shall have no further liability or obligation to such member. Thereafter, if such former member is employed by the same or another participating employer, ~~he~~ such member shall be deemed to be a new employee.

(5) If a member does not return to employment with the same or another participating employer within five ~~(5)~~ years following termination of employment, ~~he~~ such member shall withdraw his accumulated contributions on forms prescribed by the board. His

Such member's membership in the system shall terminate and the system shall have no further liability or obligation to such member. Thereafter, if such former member is employed by the same or another participating employer, he such member shall be deemed to be a new employee.

(6) If a member, who has a vested benefit, again becomes an employee of a participating employer, ~~the amount of his vested benefit shall remain in effect, and any retirement benefit he subsequently accrues shall be based on credited service after again becoming such an employee and~~ any credited service such member subsequently accrues shall be added to that which had been vested by virtue of previous service.

Sec. 15. K.S.A. 1982 Supp. 74-4937 is hereby amended to read as follows: 74-4937. (1) The normal retirement date of a member of the system who is in school employment and who is subject to K.S.A. 74-4940, and amendments thereto, shall be the first day of the month coinciding with or following the end of the school fiscal year in which the member attains age 65. Each member upon giving prior notice to the appointing authority and the retirement system may retire on the normal retirement date or the first day of any month thereafter ~~up to the first day of the month following attainment of age 70.~~

(2) ~~The compulsory retirement date for a member who is in school employment and who is subject to K.S.A. 74-4940, and amendments thereto, shall be the first day of the month coinciding with or following the end of the school year in which the member attains age 70.~~

(3) ~~A member who is in school employment and who is subject to K.S.A. 74-4940, and amendments thereto, may be retired by such member's employer on the member's normal retirement date or on the first day of the month thereafter coinciding with or following the end of the school year for which such member is employed. Notice for retirement shall be given the member and filed with the office of the retirement system prior to the date selected for the member's retirement by such employer.~~



~~(4)~~ Any member who is in school employment and who is subject to K.S.A. 74-4940~~v~~ and amendments thereto~~v~~ may retire before such member's normal retirement date on the first day of the month coinciding with or following the completion of the school fiscal year in which such member attained age 60 or the completion of 10 years of credited service, whichever occurs later, upon the filing with the office of the retirement system of an application for retirement in such form and manner as the board shall prescribe.

~~(5)~~ (3) No member who begins a year of school employment and who is subject to K.S.A. 74-4940~~v~~ and amendments thereto~~v~~ may retire until the first day of the month coinciding with or following the end of the current school fiscal year unless good cause is shown and such retirement is agreed to by the participating employer and the board.

~~(6)~~ (4) As used in this section "school fiscal year" means the twelve-month period beginning July 1 and ending June 30.

Sec. 16. K.S.A. 74-4939 is hereby amended to read as follows: 74-4939. (1) Except as otherwise provided in this section, the provisions of K.S.A. 74-4919 and 74-4920, and amendments to such sections, shall apply to employee and employer contributions and obligations.

~~(2) Employee's--contributions--shall--be--deducted--for--service--until--the--first--day--of--the--month--following--the--school--year--during--which--the--employee--attained--age--seventy--(70).\*~~

~~(3) The--participating--employers--which--are--eligible--employers--as--specified--in--subsections--(1), (2) and (3) of K.S.A. 74-4931--shall--make--no--payments--for--contributions--during--the--calendar--year--1971, in lieu of such payments for contributions in the year 1971, the state school fund commissioners shall transfer all of the assets of the state permanent (or perpetual) school fund to the Kansas public employees' retirement system. Upon request of the board of trustees of the Kansas public employees' retirement system the state school fund commissioners shall transfer title to such assets. When such transfer is made the~~

~~state permanent (or perpetual) school fund is abolished. Such participating employers shall certify to the state board of education in the manner and form required by it on or before January 1, 1971, an estimate of the anticipated total amount of compensation that will be paid to all employees who become or will become members of the Kansas public employees retirement system as in this act provided for the period January 1, 1972, through June 30, 1972. The state board of education shall transmit the information necessary to the division of the budget and the governor who shall include in the budget and the budget document provisions for transfer from the general fund of the state sufficient sums required to satisfy the participating employer's obligation under this act. The director of accounts and reports shall transfer from the state general fund to the system employer contributions at the rate of contribution during the period from January 1, 1972, through June 30, 1972, equal to five and five hundredths percent (5.95%) of the amount of compensation on which the members contributed during the period.~~

Thereafter The employer contribution rate for participating employers who are eligible employers as specified in subsections (1), (2) and (3) of K.S.A. 74-4931 and amendments thereto shall be as certified by the board. Participating employers shall certify to the state board of education before September 15 of each year the anticipated total compensation to be paid during the next fiscal year to employees who are or are to become members. The state board of education shall transmit the information necessary to the division of the budget and the governor who shall include in the budget and budget document each year thereafter provisions for the transfer from the state general fund of the state sufficient sums to satisfy the participating employer's obligation under this act. The director of accounts and reports shall make a transfer therefor to the system quarterly, at the same time such employee contributions are remitted by such participating employers. Transfers required by this subsection shall be provided for annually by act of the

legislature.

~~†† (3) Participating employers, which who are eligiole~~  
employers as specified in subsection (4) of K.S.A. 74-4931 and  
amendments thereto shall pay to the system employer contributions  
at a rate of contribution ~~during the period from January 1, 1971~~  
~~through June 30, 1972, equal to five and five hundredths percent~~  
~~(5.05%) of the amount of compensation on which the members~~  
~~contributed during the period and such contribution shall be made~~  
~~by appropriation by the 1970 and 1971 regular sessions of the~~  
~~legislature. Thereafter the employer contribution rate shall be~~  
as certified by the board.

Sec. 17. K.S.A. 1982 Supp. 74-4989 is hereby amended to  
read as follows: 74-4989. (1) ~~After June 30, 1982~~ Upon the  
death of a retirant, the board of trustees of the Kansas public  
employees retirement system shall pay ~~an amount for reasonable~~  
~~funeral and burial expenses~~ a lump-sum death benefit which shall  
not exceed ~~\$750~~ \$1,000 for such retirant, less any amounts amount  
payable for ~~such purposes under the federal social security act~~  
~~or funeral benefits~~ under the applicable provisions of any local  
police or fire pension plan, as defined by subsection (c) of  
K.S.A. 12-5001 and amendments thereto.

(2) As used in this section, "retirant" means any person  
who is a member or special member of the Kansas public employees  
retirement system, the Kansas police and firemen's retirement  
system, the state school retirement system or the retirement  
system for judges and who has retired.

New Sec. 18. Each person who is an employee of a  
participating employer on June 17, 1983, who was barred from  
membership in the Kansas public employees retirement system under  
the law in effect on June 17, 1983, by reason of having attained  
age 59 at entry of employment, and who is made eligible by this  
act to be a member of the Kansas public employees retirement  
system, may make election in accordance with this section to  
become a member of that system. No such person shall become a  
member of the Kansas public employees retirement system in

accordance with this section and K.S.A. 74-4911 or 74-4935, whichever is applicable, and amendments to such sections, unless such person files a written statement of election to become a member of the system under this section. A written statement of election to become a member of the system shall be filed with the board of trustees. Each election by filing a written statement of election under this section shall be effective on the first day of the first payroll period of the reporting quarter coinciding with or following the date of such filing and shall be irrevocable.

New Sec. 19. (a) Any member age 70 or older, who is a member of the Kansas public employees retirement system under the law in effect on June 17, 1983, may, after June 18, 1983, elect to be covered by the provisions of K.S.A. 74-4919 to 74-4919j, inclusive, and 74-4939, and amendments to these sections.

(b) No such person shall be covered by such provisions unless such person files a written statement of election with the board of trustees. Each election by filing a written statement of election under this section shall be effective on the first day of the first payroll period of the reporting quarter coinciding with or following the date of such filing and shall be irrevocable.";

And by renumbering subsequent sections accordingly;

Also on page 6, in line 196, by striking "On June 18, 1983,"; also in line 196, by inserting before "1982" the following: "74-4911, 74-4913, 74-4919i, 74-4935, 74-4936 and 74-4939 and K.S.A."; also in line 196, by striking "and" and inserting in lieu thereof a comma; in line 197, by inserting before "are" the following: ", 74-4914, 74-4917, 74-4919, 74-4920, 74-4927a, 74-4927b, 74-4937 and 74-4989"; in line 199, by inserting before "its" the following: "June 18, 1983, and";

On page 1, in the title, line 18, by striking "the Kansas"; in line 19, by striking "system"; in line 21, by inserting before "amending" the following: "concerning mandatory retirement and participation in the system; relating to certain persons excluded

from membership by reason of age; providing for credit of certain prior service; concerning employer contribution rates;"; also in line 21, by inserting before "1982" the following: "74-4911, 74-4913, 74-4919i, 74-4935, 74-4936 and 74-4939 and K.S.A."; also in line 21, by striking "and" and inserting in lieu thereof a comma; also in line 21, by inserting after "20-2610a" the following: ",74-4914, 74-4917, 74-4919, 74-4920, 74-4927a, 74-4927b, 74-4937 and 74-4989";

And the bill be passed as amended.

\_\_\_\_\_ Chairperson

## REPORTS OF STANDING COMMITTEES

MR. PRESIDENT:

Your Committee on Ways and Means

Recommends that Senate Bill No. 41 (As Amended by Senate Committee)

"AN ACT concerning the Kansas sunset law; continuing the state board of healing arts in existence; amending K.S.A. 1982 Supp. 74-7255 and repealing the existing section."

Not be amended by adoption of the amendments recommended by the Senate Committee on Governmental Organization, but the bill, as originally introduced, be amended:

On page 1, in line 24, by striking "1991" and by inserting in lieu thereof "1984"; following line 24, by inserting the following:

"New Sec. 2. (a) If the medical staff of any firm, facility, corporation, institution or association which has granted practice privileges to, or which has employed or is employing, any person licensed, registered or certified by the state board of healing arts, recommends that the practice privileges of any such person be terminated, suspended or restricted for reasons relating to such person's professional competence or finds that such person has committed an act which is a ground for the revocation, suspension or limitation of such person's license, registration or certification under law, the chief of the medical staff shall immediately report the same, under oath, to the state board of healing arts. If the medical staff has not made such a recommendation or finding, but the governing board of any such firm, facility, corporation, institution or association has made such recommendation or finding, the chief administrative officer thereof shall immediately report the same, under oath, to the state board of healing arts.

(b) Any report made pursuant to this section shall contain

the name and business address of the chief of the medical staff or the chief administrative officer making the report and of the person named in the report, information regarding the report, and any other information which the chief of the medical staff or the chief administrative officer believes might be helpful in an investigation of the case.

Sec. 3. K.S.A. 40-3409 is hereby amended to read as follows: 40-3409. (a) (1) In any action filed in this state for personal injury or death arising out of the rendering of or the failure to render professional services by any health care provider covered by the fund or any inactive health care provider covered by the fund, the plaintiff shall serve a copy of the petition upon the commissioner by registered mail within ~~ten-(10)~~ 10 days from filing the same, and if such service is not made the fund shall not be liable for any amount due from a judgment or a settlement nor, in such case, shall the health care provider or ~~his-or-her~~ the provider's insurer or the inactive health care provider or ~~his-or-her~~ the provider's insurer be liable for such amount that, if such service had been made, would have been paid by the fund; (2) in any action filed outside of this state for personal injury or death arising out of the rendering of or the failure to render professional services by any health care provider or any inactive health care provider covered by the fund, the inactive health care provider, the self-insurer or the insurer of a health care provider or an inactive health care provider shall notify the commissioner, as soon as it is reasonably practicable, that such summons or petition has been filed. If the petition names a health care provider as a defendant in the action who is licensed, registered or certified by the state board of healing arts, the commissioner shall forward a copy of the petition to the state board of healing arts.

(b) Such action shall be defended by the insurer or the self-insurer, but if the commissioner believes it to be in the best interests of the fund, the commissioner may employ

independent counsel to represent the interests of the fund. The cost of employing such counsel shall be paid from the fund. The commissioner is authorized to employ independent counsel in any such action against an inactive health care provider covered by the fund.

New Sec. 4. (a) Any person licensed to practice the healing arts who possesses knowledge not subject to the physician-patient privilege that another person so licensed has committed any act enumerated under K.S.A. 65-2836 and amendments thereto which is a ground for the revocation, suspension or limitation of a license shall immediately report such knowledge, under oath, to the state board of healing arts. A person licensed to practice the healing arts who possesses knowledge not subject to the physician-patient privilege concerning another person so licensed shall reveal fully such knowledge upon proper request of the state board of healing arts.

(b) This section shall be part of and supplemental to the Kansas healing arts act.

Sec. 5. K.S.A. 65-2836, as amended by section 1 of 1983 Senate Bill No. 294, is hereby amended to read as follows: 65-2836. A license may be revoked, suspended or limited when the licensee has been found to have committed any of the following acts: (a) Fraud in securing the license. (b) Immoral, unprofessional or dishonorable conduct or professional incompetency. (c) Conviction of a felony if the board determines, after investigation, that such person has not been sufficiently rehabilitated to warrant the public trust. (d) Use of fraudulent or false advertisements. (e) Addiction to or distribution of intoxicating liquors or drugs for any other than lawful purposes. (f) Willful or repeated violation of this act, the pharmacy act of the state of Kansas or the uniform controlled substances act, or any rules and regulations adopted pursuant thereto, or any rules and regulations of the secretary of health and environment which are relevant to the practice of the healing arts. (g) Unlawful invasion of the field of practice of any branch of the healing arts in which the licensee is not licensed



to practice. (h) Failure to pay annual renewal fees specified in this act. (i) Failure to take some form of postgraduate work each year or as required by the board. (j) Engaging in the practice of the healing arts under a false or assumed name, or the impersonation of another practitioner. The provisions of this subsection relating to an assumed name shall not apply to licensees practicing under a professional corporation or other legal entity duly authorized to provide such professional services in the state of Kansas. (k) Inability to practice the branch of the healing arts for which such person is licensed with reasonable skill and safety to patients by reason of illness, alcoholism, excessive use of drugs, controlled substances, chemical or any other type of material or as a result of any mental or physical condition. In determining whether or not such inability exists, the board, upon probable cause, shall have authority to compel a licensee to submit to mental or physical examination by such persons as the board may designate. Failure of any licensee to submit to such examination when directed shall constitute an admission of the allegations against the licensee, unless the failure was due to circumstances beyond the control of the licensee, and the board may enter a default and final order in any case of default without just cause being shown to the board without the taking of testimony or presentation of evidence. A person affected by this subsection shall be offered, at reasonable intervals, an opportunity to demonstrate that such person can resume the competent practice of the healing arts with reasonable skill and safety to patients. For the purpose of this subsection, every person licensed to practice the healing arts and who shall accept the privilege to practice the healing arts in this state by so practicing or by the making and filing of an annual renewal to practice the healing arts in this state shall be deemed to have consented to submit to a mental or physical examination when directed in writing by the board and further to have waived all objections to the admissibility of the testimony or examination report of the person conducting such examination

at any proceeding or hearing before the board on the ground that such testimony or examination report constitutes a privileged communication. In any proceeding by the board pursuant to the provisions of this subsection, the record of such board proceedings involving the mental and physical examination shall not be used in any other administrative or judicial proceeding.

(l) Had a license to practice the healing arts revoked, suspended, or limited or had other disciplinary action taken, or an application for a license denied, by the proper licensing authority of another state, territory, District of Columbia, or other country. (m) Violated any lawful rule or regulation promulgated by the board or violated any lawful order or directive of the board previously entered by the board. (n) Failure to report or reveal the knowledge required to be reported or revealed under section 4.

Sec. 6. K.S.A. 65-2878 is hereby amended to read as follows: 65-2878. The board is hereby authorized to employ an executive secretary, who shall be in the unclassified civil service under the Kansas civil service act, and ~~whose~~ who shall receive a salary shall be fixed by the finance council, and board and approved by the governor. The board may employ such clerical and other employees who shall be in the classified service of under the Kansas civil service act as it may deem necessary in order to ~~properly and efficiently~~ perform the duties imposed to ~~carry out~~ upon the board, administer and execute the provisions of this act or other statutes delegating duties and responsibilities to ~~this~~ the board, except that any attorney employed by the board shall be in the unclassified service under the Kansas civil service act and shall receive a salary fixed by the board and approved by the governor. As necessary, the board shall be represented by an attorney appointed by the attorney general as provided by law, whose compensation shall be determined and paid by the board with the approval of the ~~finance council~~ governor.

Sec. 7. K.S.A. 65-2898 is hereby amended to read as follows: 65-2898. (a) No person reporting to the state board of healing arts in good faith any information such person may have

relating to alleged incidents of malpractice, or the qualifications, fitness or character of, or disciplinary action taken against, a person licensed ~~or~~, registered or certified by ~~such~~ the board shall be subject to a civil action for damages as a result of reporting such information.

(b) Any state, regional or local association composed of persons licensed to practice a branch of the healing arts and the individual members of any committee thereof, which in good faith investigates or communicates information pertaining to the alleged incidents of malpractice, or the qualifications, fitness or character of, or disciplinary action taken against, any licensee ~~or~~, registrant or certificate holder to the state board of healing arts or to any committee or agent thereof, shall be immune from liability in any civil action, that is based upon such investigation or transmittal of information if the investigation and communication was made in good faith and did not represent as true any matter not reasonably believed to be true.";

And by renumbering subsequent sections accordingly;

Also on page 1, in line 25, by inserting before "1982" the following: "40-3409, 65-2836, as amended by section 1 of 1983 Senate Bill No. 294, 65-2878 and 65-2898 and K.S.A."; also in line 25, by striking "is" and inserting in lieu thereof "are";

Also on page 1, in the title, line 16, by striking "the Kansas sunset law" and inserting in lieu thereof "the state board of healing arts"; in line 17, by inserting before the semicolon the following: "under the Kansas sunset law;"; also in line 17, by inserting before "amending" the following: "requiring certain reports to the state board of healing arts;"; also in line 17, by inserting before "1982" the following: "40-3409, 65-2836, as amended by section 1 of 1983 Senate Bill No. 294, 65-2878 and 65-2898 and K.S.A."; in line 18, by striking "section" and inserting in lieu thereof "sections";

And the bill be passed as amended.

\_\_\_\_\_  
Chairperson

New Section 1. Notwithstanding the provisions of K.S.A. 1982 Supp. 74-4902, K.S.A. 74-4911, and K.S.A. 74-4913 to the contrary, an employee who was employed by a participating employer on June , 1977, and who was born January 12, 1918, shall be a eligible member of the Kansas public employees retirement system as of June , 1977, upon payment of the appropriate employee and employer contributions, and shall be entitled to receive participating service credit with the participating employer from date of membership. Upon the attainment of membership by the provisions of this section such employee and such employee's participating employer shall thereafter be governed by the provisions of the Kansas public employees retirement act. Payment of employee and employer contributions shall be made by January 1, 1984, and if not received by said date from both the employee and employer this section shall be null and void, and of no effect.

1. DONALD H. ALLDRITT SS# 511-07-0906 Sponsor: Sen. Paul Hess

Membership Date: Not Applicable

Present Employer: Department of Human Resources

Position:

Requesting: Membership in KPERS

Reason: He was over the 59 year old age limit when he began his employment, and by statute cannot be a member.

Fiscal Ramifications:

ARREARAGES:

Time Period: July, 1977 through May 17, 1983

Compensation Received: \$92,173.13

Employer Contributions: \$4,628.23

Employee Contributions: \$3,686.93

Group Insurance: \$553.03

Total Arrearage: \$8,868.19\*

\* This figure is an estimate. The agency furnished salary information by calendar year instead of fiscal year. Salary from March 18, 1983, through May 17, 1983, estimated. No letter in file from agency accepting responsibility for arrearage.

AH ~~B~~ 4-7-83  
12:30 P.M.

New Section 2. K.S.A. 1982 Supp. 74-49a162 is hereby repealed. Any employee contributions made since the enactment of K.S.A. 1982 Supp. 74-49a162 shall be refunded.

2. VIVIAN DICKSON SS# 510-14-6205 Sponsor: Rep. Charles Laird

Membership Date: June 18, 1979 by legislative enactment.

Present Employer: State Board of Nursing

Position: Data Entry Operator

Requesting: Termination of coverage by repeal of authorizing legislation.

Reason: She stated membership is not economically feasible for her any longer.

Fiscal Ramifications:

If passed, will need to originate AR 74 for refund from June 18, 1982 through present.

New Section 3. Notwithstanding the provisions of subsection (1)(b) of K.S.A. 1982 Supp. 74-4956 to the contrary, an individual who became a member of the Kansas public employees retirement system on January 1, 1971, and who was purchasing military service credit by means of double deductions under K.S.A. 74-4919h until such purchasing was terminated on January 1, 1980, due to such member's transfer of membership to the Kansas police and firemen's retirement system on that date, shall have all military service which was purchased prior to January 1, 1980, credited as participating service credit under the Kansas police and firemen's retirement system.

3. CHARLES W. HALL SS# 514-10-1525 Sponsor: Rep. Charles Laird

Membership Date: January 1, 1971, KP&F January 1, 1980

Present Employer: Sedgwick County

Position: Lieutenant - Judicial Services

Requesting: To have military service credit purchased under KPERS credited to KP&F.

Reason: There are no provisions under the KP&F act for purchasing military service. He had already purchased 11 quarters at the time the Sedgwick County Sheriff's Department went from KPERS to KP&F.

Fiscal Ramifications:

Military Service: 3 years

Final Average Salary: \$21,825.33

Military Service Benefits: \$1,309.52 - Annual  
\$ 109.13 - Monthly

New Section 4. Notwithstanding the provisions of K.S.A. 74-4913 to the contrary, an employee who becomes a member of the Kansas public employees retirement system on June 1, 1964, and who was first employed by a participating employer from October 2, 1956, to May 14, 1963, shall be entitled to receive, upon retirement, prior service credit for such employment prior to June 1, 1963.

4. RICHARD T. JOHNSON SS# 722-07-3641 Sponsor: Rep. James Holderman

Membership Date: June 1, 1964

Present Employer: Department of Revenue

Position: Driver's License Examiner - Supervisor

Requesting: Prior service credit with KTA from October 1, 1956 to May 14 1963.

Reason: Not on payroll of the Turnpike Authority on their entry date.

Fiscal Ramifications:

PRIOR SERVICE

Five (5) years prior service.

Additional Monthly Prior Service Benefit: \$86.70

Additional Annual Prior Service Benefit: \$1,064.46

Additional Reserve Required: \$7,517.15

Additional reserve based on final average salary at age 65.

New Section 5. Notwithstanding the provisions of K.S.A. 1982 Supp. 74-4902, K.S.A. 74-4911, and K.S.A. 74-4913, and Subsection (2) of K.S.A. 74-4935 to the contrary, an employee who was first employed in the public schools of Kansas in the school years 1938-1945, and again on 1951-1963, a total of nineteen (19) years of service, who became a member of the state school retirement system and who forfeited all service credit under such system on February 6, 1964, by reason of termination and withdrawal of contributions shall be a member of the Kansas public employees retirement system on June 18, 1983, and shall receive credit for all periods of service forfeited under KSRS. Prior service salary shall be \$15,980.00.

5. FRANCES J. JONES SS# 524-30-8985 Sponsor: Rep. Anita Niles

Membership Date: Not applicable.

Present Employer: Retired

Requesting: Allowing purchase of forfeited service under KSRS, and credit of prior service.

Reason: Mrs. Jones is a former school member who left teaching and withdrew her contributions, thus forfeiting her service credit. She subsequently was employed at Emporia State University and received no credit while employed.

PRIOR SERVICE

Presently Credited: -0-

Additional Claimed: 19 years non credited

Total: 19 years

Present Monthly Prior Service Benefit (if any): -0-

Additional Monthly Prior Service Benefit: \$188.69

Additional Annual Prior Service Benefit: \$2,264.33

Additional Reserve Required: \$26,424.68

Additional reserve based on projected final average salary at age 65. The final average salary was based upon compensation earned while employed in a position covered by TIAA.



New Section 6. Notwithstanding the provisions of K.S.A. 74-4913 and K.S.A. 74-4911 to the contrary, an employee who becomes a member of the Kansas public employees retirement system on January 18, 1981, and who was employed by the same participating employer from December 1974 to the present shall have the membership date amended to December 1, 1974, and participating service shall be granted for the period of December 1, 1974, to January 18, 1981, upon receipt of the appropriate employee and employer contributions.

6. LUELLA F. KENNEY SS# 500-12-3169 Sponsor: Senate Ways and Means Subcommittee

Membership Date: January 18, 1981

Present Employer: Senate - State of Kansas

Position: Secretary of the Senate

Requesting: Participating service for service from December 1974 through January 17, 1981.

Reason: Service not previously creditable.

Fiscal Ramification:

ARREARAGES:

Time Period: 1975 through January 17, 1981

Compensation Received: \$55,351.60

Employer Contributions: \$3,327.59

Employee Contributions: \$2,214.06

Group Insurance: \$328.17

Total Arrearage: \$5,869.82\*

\*This figure is an estimate. The salary information furnished by calendar year instead of fiscal year. Figures are different than Marshall's letter due to change in membership date. No letter in file from agencies involved accepting the responsibility of arrearage.

New Section 7. Notwithstanding the provisions of K.S.A. 74-4913 to the contrary, an employee who became a member of the Kansas public employees retirement system on November 1, 1968, and who was first employed by a participating employer from June 1, 1947, to September 15, 1960, shall be entitled to receive, upon retirement, prior service credit for such employment prior to January 1, 1962.

7. GEORGE A. LEDOM SS# 510-22-4272 Sponsor: Rep. Dorothy Nichols

Membership Date: November 1, 1968

Present Employer: City of Ottawa

Position: Unknown

Requesting: Prior service credit with the City of Ottawa, 1947 to 1960.

Reason: He was not on the payroll of the city on its entry date.

PRIOR SERVICE

Additional Claimed: 13 years

TOTAL: 13 years

Present Monthly Prior Service Benefit: -0-

Additional Monthly Prior Service Benefit: \$383.01

Additional Annual Prior Service Benefit: \$4,596.12

Additional Reserve Required: \$44,030.83

Reserves based on projected final average salary at age 65.

New Section 8. Notwithstanding the provisions of K.S.A. 1982 Supp. 74-4902, K.S.A. 74-4911, and K.S.A. 74-4913, and subsection (2) of K.S.A. 74-4935 to the contrary, an employee who was first employed in the public schools of Kansas in the school year 1927, and who became a member of the state school retirement system on September 1, 1941, and who forfeited all service credit under such system by reason of withdrawal of contributions on November 27, 1951, and November 20, 1961, shall be a member of the Kansas public employees retirement system on the effective date of this act, and shall receive credit for all periods of service forfeited under the KSRS. Prior service salary shall be \$6,900.00

8. GRACE D. ROSE SS# (Unknown) Sponsor: Sen. Ben Vidrickson

Membership Date: Not applicable.

Present Employer: Retired

Requesting: Allow credit of forfeited service under KSRS.

Reason: Dr. Rose is a former school member who forfeited her service credit by withdrawal of her contributions. She states she believed she would retain her service credit even though she withdrew contributions.

Fiscal Ramifications:

PRIOR SERVICE

Presently Credited: -0-

Additional Claimed: 25

Total: 25

Present Monthly Prior Service Benefit (if any): -0-

Additional Monthly Prior Service Benefit: \$143.75

Additional Annual Prior Service Benefit: \$20,130.75

Prior Service Salary: \$6,900.00

New Section 9. Notwithstanding the provision of K.S.A. 74-4913 and K.S.A. 74-4911 to the contrary, an employee who became a member of the Kansas public employees retirement system on January 18, 1981, and who was first employed by a participating employer from June 1945 through January 15, 1948, shall be entitled to receive, upon retirement, prior service credit for such employment prior to January 1, 1962, and provided further, the membership date shall be amended to January 1, 1978, and participating service shall be granted for the period of January 1, 1978, to January 18, 1981, upon receipt of the appropriate employee and employer contributions.

9. GENEVA M. SEWARD SS# 509-22-7518 Sponsor: Senate Ways and Means Subcommittee

Membership Date: January 18, 1981  
Present Employer: House of Representatives  
Position: Chief Clerk of the House  
Requesting: Prior Service Credit 1945-1948  
Reason: She was not on the payroll on its entry date.  
Fiscal Ramifications:

PRIOR SERVICE

Presently credited: -0-  
Additional Claimed: 3 years  
Total Claimed: 3 years

ARREARAGES

Time Period: January, 1978 through January 17, 1981  
Compensation Received: \$29,653.85  
Employer Contributions: \$1,642.57  
Employee Contributions: \$1,186.15  
Group Insurance: \$177.92  
Total Arrearage: \$3,006.64\*

PRIOR SERVICE

Present Monthly Benefit (if any): -0-  
Additional Monthly Prior Service Benefit: \$44.79  
Additional Annual Prior Service Benefit: \$537.48  
Additional Reserve Required: \$6,272.39  
Additional reserve based on projected final average salary at age 65.

\*This figure is an estimate. The salary information furnished by calendar year instead of fiscal year. Figures are different than Marshall's letter due to change in membership date. No letter in file from agencies involved accepting responsibility of arrearage.

New Section 10. Notwithstanding the provisions of K.S.A. 74-4913 to the contrary, an employee who became a member of the Kansas public employees retirement system on June 1, 1964, and who was first employed by a participating employer from May 19, 1959, to May 1, 1961, shall be entitled to receive, upon retirement, prior service credit for such employment prior to January 1, 1962.

10. DON S. WILKINSON SS# 510-16-5721 Sponsor: Sen. Roy M. Ehrlich

Membership Date: June 1, 1964

Present Employer: Department of Revenue, Motor Vehicle

Position: Supervisor

Requesting: Prior service credit May 19, 1959 to May 1, 1961, Police Chief, Lyons, Kansas.

Reason: He was not on the payroll of the City of Lyons on its entry date.

Fiscal Ramifications:

PRIOR SERVICE

Presently Credited: -0-

Additional Claimed: 2 years

Total: 2 years

Present Monthly Prior Service Benefit (if any): -0-

Additional Monthly Prior Service Benefit: \$31.22

Additional Annual Prior Service Benefit: \$374.64

Additional Reserve Required: \$3,589.05

Reserves based on projected final average salary at age 65.

New Section 11. Notwithstanding the provisions of K.S.A. 74-4956, and K.S.A. 12-5003 to the contrary, an employee who was first employed as a firefighter under a local plan on April 16, 1960, to September 1, 1970, and was then employed by a participating employer on September 1, 1970, to December 30, 1977, and returned to employment as a firefighter under a local plan on December 30, 1977, and who has never elected coverage under K.S.A. 74-4951, et seq., or K.S.A. 74-4902, and who continues in such employment until the effective date of this act, shall, upon retirement, receive prior service credit for all such employment between September 1, 1970, to December 30, 1977.

11. ROBERT W. WOLFE SS# 510-30-3554 Sponsor: Rep. Michael Peterson

Membership Date: Kansas City, Kansas Local Plan

Present Employer: City of Kansas City, Kansas

Position: Firefighter

Requesting: Prior service credit with the State Fire Marshall  
1970 to 1977

Reason: Mr. Wolfe has never elected coverage under KPERS and KP&F.  
Kansas City, Kansas, local plan does not allow for credit  
for any employment outside the City.

Fiscal Ramifications:

1 22 years - 50% of final monthly salary.

Senate Bill 436 would alter current individual income tax law relating to the deductibility of federal income taxes for state tax purposes. Under current law, all taxpayers are allowed to deduct their actual federal individual income tax liability for purposes of computing state taxable income and tax liability. Under the proposal, the deduction of federal taxes would be limited to a maximum of \$10,000 on a joint return (\$5,000 for a single taxpayer) or 50 percent of the federal tax liability, whichever is greater. The deduction may not, however, exceed actual federal tax liability. The proposal would be effective for tax year 1983 and thereafter.

It is estimated that the proposed change will result in an increase of \$42.0 million in individual income tax receipts in FY 1984. The estimate is based on the actual distribution of Kansas individual income tax returns in the most recent tax year and estimated 1983 federal tax liability under the schedules adopted in the Economic Recovery Tax Act of 1981.

AHG 4-7-83  
12:30 p.m.

### Background

Under current state law, all Kansas taxpayers are allowed to deduct their actual federal income tax liability from income prior to computing their state personal income tax liability. Because federal tax rates are progressive with respect to income, the amount of this deduction and its relationship to income increases as income rises.

Consequently, the taxable income to which state tax rates are applied becomes a smaller proportion of adjusted gross income as adjusted gross income increases. The net result is that the effective Kansas state income tax rate does not continue to increase through higher income brackets as one would expect under an income tax with a progressive rate structure. In fact, when all factors are considered, effective state income tax rates decline somewhat in Kansas at the highest income levels as shown below:

<u>Adjusted Gross Income</u>	<u>Effective Tax Rate (%)</u>
\$ 0 - \$ 5,000	0.4
\$ 5 - 10,000	1.0
\$ 10 - 20,000	1.7
\$ 20 - 30,000	1.9
\$ 30 - 50,000	2.2
\$ 50 - 100,000	2.7
\$100 - 500,000	2.9
\$500 - 1,000,000	2.8
Over - 1,000,000	2.6

Source: Computed from Department of Revenue information on resident tax returns filed in 1980. Effective tax rate computed by dividing tax liability after credits by adjusted gross income.



The Governor's proposal limits the deduction of federal taxes to a maximum of \$10,000 on a joint return (\$5,000 on a single return) or 50 percent of the actual federal liability whichever is greater. In so doing, it reduces the divergence that now occurs between state taxable income and adjusted gross income, and thereby increases the progressivity of the Kansas state income tax.

The Governor's proposal will affect only those taxpayers whose federal tax liability in 1983 will exceed \$10,000 for a married couple filing a joint return and those single taxpayers whose federal liability exceeds \$5,000. For typical taxpayers with itemized deductions equal to 20 percent of income, the proposal will affect only those married couples with an adjusted gross income approaching \$60,000 more and only those single taxpayers with adjusted gross incomes in excess of \$35,000. Even at these income levels, the increased state tax resulting from the proposal is relatively modest. As shown in Tables A and B, a family of four with an adjusted gross income of \$60,000 would experience a \$73 increase in their state income tax or approximately 0.1 percent of their adjusted gross income. State tax liability for a single taxpayer with \$35,000 in adjusted gross income would increase by \$102 under the proposal, or approximately 0.3 percent of the adjusted gross income.

As shown, the proposal will add a degree of progressivity to the individual income tax. Effective tax rates continue to increase gradually throughout the income spectrum displayed on the attachments, rather than leveling off or declining slightly as under current law. Even at the highest income levels, the increase in state tax liability is moderate for both individuals and joint returns. The tax increase at \$500,000 adjusted gross income is roughly \$8,000-8,500, and at \$1.0 million in adjusted gross income the increase is \$17,000-17,500 or slightly over 1.5 percent of adjusted gross income.

Also shown in Tables A and B is the federal tax liability for these income levels under federal tax law as it existed in 1980 and as it will be in 1983 as a result of the individual income tax rate reductions that were enacted as part of the Economic Recovery Tax Act of 1981 (ERTA). In addition to the across the board rate reductions contained in ERTA, the act also reduced the maximum marginal federal tax rate from 70 percent to 50 percent effective for tax year 1982. As a result, those taxpayers at the higher income levels have experienced a sizeable federal tax reduction, ranging, for example, from roughly \$2,500 for a family of four with \$60,000 adjusted gross income to over \$140,000 for a similar family with \$1.0 million in adjusted gross income.

TABLE A

COMPARISON OF TAX LIABILITY  
MARRIED COUPLE, JOINT RETURN, FOUR EXEMPTIONS

Adjusted Gross Income	State Tax Liability				Federal Tax Liability			
	Current		Proposed		1980		1983	
	\$	% of Income	\$	% of Income	\$	% of Income	\$	% of Income
\$ 60,000	\$ 1,742	2.9	\$ 1,815	3.0	\$ 13,504	22.5	\$ 10,974	18.3
\$ 75,000	2,248	3.0	2,719	3.6	19,384	25.8	15,774	21.0
\$ 100,000	3,118	3.1	4,215	4.2	30,154	30.1	24,550	24.6
\$ 200,000	6,508	3.3	9,379	4.7	79,672	39.8	63,802	31.9
\$ 500,000	16,506	3.3	24,773	5.0	246,304	49.3	183,702	36.7
\$1,000,000	33,157	3.3	50,423	5.0	526,304	52.6	383,702	38.4

Computed on basis of total itemized deductions equal to 20.0 percent of adjusted gross income on federal return and 23.0 percent of adjusted gross income on state return. Proposed state liability computed on basis of federal tax liability deduction limited to \$10,000 or 50.0 percent of actual liability whichever is greater.

TABLE B

COMPARISON OF TAX LIABILITY  
INDIVIDUAL TAX RETURN

Adjusted Gross Income	State Tax Liability				Federal Tax Liability			
	Current		Proposed		1980	1983		
	\$	% of Income	\$	% of Income	\$	% of Income	\$	% of Income
\$ 35,000	\$ 1,179	3.4	\$ 1,281	3.7	\$ 7,654	21.9	\$ 6,225	17.9
\$ 60,000	2,145	3.6	2,794	4.7	17,682	29.5	14,423	24.0
\$ 75,000	2,671	3.6	3,577	4.8	24,762	33.0	20,123	26.8
\$ 100,000	3,503	3.5	4,860	4.9	37,362	37.4	30,123	30.1
\$ 200,000	6,834	3.4	9,990	5.0	92,797	46.4	70,123	35.1
\$ 500,000	16,824	3.4	25,380	5.1	260,797	52.2	190,123	38.0
\$1,000,000	33,474	3.3	51,029	5.1	540,797	54.1	390,123	39.0

Computed on basis of total itemized deductions equal to 20.0 percent of adjusted gross income on federal return and 23.0 percent of adjusted gross income on state return. Proposed state liability computed on basis of federal tax liability deduction limited to \$5,000 or 50.0 percent of actual liability, whichever is greater.

Rationale

- The proposal fosters the principle that taxation should be based on ability to pay. It affects approximately 42,000 taxpayers or less than 5 percent of the total and affects only those at the upper end of the income scale.
- The proposal reintroduces an element of progressivity into the individual income tax. It will ameliorate somewhat the serious regressivity of the total Kansas state and local tax system which relies heavily on property, sales and gasoline taxes.
- Those taxpayers affected by the proposal have received substantial federal tax reductions in recent years as a result of the across-the-board rate cuts and the reduction in the maximum marginal rate from 70 to 50 percent. The increased state tax liability represents only a modest proportion of the federal tax cut, and effective state tax rates will still be less than one-fifth of the effective federal rate.
- A central component of the New Federalism proposed by the Administration has been to reduce domestic spending and to reduce the federal tax take so that state and local governments could utilize that "tax room" to increase their resources to dedicate to their priorities. This proposal is in keeping with that concept.

- The proposal will not cause Kansas income tax rates to become out-of-line with other states. In 1980, the median effective tax rate for a family of four in all states with an income tax was 4.0 percent at the \$75,000 income level and 4.5 percent at the \$100,000 level. Under the proposal, the effective rates will be 3.6 percent at \$75,000 and 4.2 percent at \$100,000. For the Plains region as a whole the average rate in 1980 was 4.1 percent at \$75,000 and 4.3 percent for \$100,000.
  
- The tax increase caused by the proposal is extremely modest when compared to the income levels. At \$200,000, the increase for a family of four is \$2,871 or 1.4 percent of income, compared to a federal tax reduction of over \$15,800 for the same income.

KANSAS DEPARTMENT OF REVENUE

4/7/83

Individual Income Tax Proposal  
Limiting Federal Income Tax Deduction (\$5,000 for Single and \$10,000 for Married Filing Joint, or 50% of Federal Tax Deduction).  
MARRIED

Col. No:	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.
	ADJUSTED GROSS INCOME (A.G.I.)	FEDERAL TAXABLE INCOME		STATE (CURRENT) TAXABLE INCOME		EXCESS FED. TAX ABOVE \$10,000 LIMIT	NO. OF RETURNS	RATE	TOTAL (MIL.)	STATE (PROPOSED) TAXABLE INCOME		FED. TAX AS A % OF A.G.I.	STATE TAX LIABILITY AS A % OF A.G.I.	
Ftnote. No.:	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
	\$ 48,914	\$ 39,131	\$ 8,000	\$ 26,811	\$ 1,411	\$			\$	\$	\$	16.4%	2.9%	
	51,000	40,800	8,584	27,839	1,488		24,503	7½%				16.8	2.9	
	60,000	48,000	11,214	32,393	1,829	1,214	11,130	7½	1.013	33,607	1,921	18.7	3.0	3.2%
	71,500	57,200	14,894	37,376	2,203	4,894 (2,270)	5,756	7½ 8½	1.133 1.111	42,270	2,593	20.8	3.1	3.6
	83,500	66,800	19,006	42,540	2,616	9,000 (1,546)	3,566	8½ 9	2.261 .496	51,546	3,389	22.8	3.2	4.1
	95,000	76,000	23,054	47,381	3,027	11,527 (8,908)	2,300	8½	.512 1.844	58,908	4,052	24.3	3.3	4.3
	113,500	90,800	29,774	54,962	3,697	14,887	1,694	9	2.270	69,849	5,036	26.2	3.3	4.4
	147,000	117,600	42,802	67,829	4,855	21,401	1,144	9	2.203	89,230	6,781	29.1	3.3	4.6
	200,000	160,000	64,002	87,598	6,634	32,001	2,083	9	5.999	119,599	9,514	32.0	3.3	4.8
	367,000	293,600	130,802	149,889	12,240	65,401	1,549	9	9.118	215,290	18,126	35.6	3.3	4.9
	636,000	508,800	238,002	250,626	21,306	119,001	1,372	9	14.694	369,627	32,016	37.4	3.4	5.0
	1,039,000	831,200	399,602	400,545	34,799	199,801	377	9	6.779	600,346	52,781	38.5	3.3	5.1
	1,640,000	1,312,000	640,002	624,718	54,794	320,001	45	9	1.296	944,719	83,775	39.0	3.3	5.1
	2,310,000	1,848,000	908,002	874,628	77,467	454,001	26	9	1.062	1,328,629	118,327	39.3	3.4	5.1
	4,660,000	3,728,000	1,848,002	1,751,178	156,356	921,001	46	9	3.625	2,675,179	239,516	39.7	3.4	5.1
	10,020,000	8,016,000	3,992,002	3,750,458	336,291	1,996,001	12	9	2.156	5,746,459	515,931	39.8	3.4	5.1

Non-Resident Correction<sup>(13)</sup>:

Below \$100,000 A.G.I. = \$8,370,133 x .82 = \$ 6,863,509

Above \$100,000 A.G.I. = \$49,402,801 x .67 = \$ 33,099,877

\$ 39,963,386

Footnotes: See attached sheet.

AA 4-7-83  
12:30 p.m.

KANSAS DEPARTMENT OF REVENUE  
Individual Income Tax Proposal

4/7/83

Limiting Federal Income Tax Deduction (\$5,000 for Single and \$10,000 for Married Filing Joint, or 50% of Federal Tax Deduction).

Col.	1.	2.	3.	4.	5.	6.	7.	8.	9.	10.	11.	12.	13.	14.
	ADJUSTED GROSS INCOME (A.G.I.)	FEDERAL TAXABLE INCOME TAX LIABILITY		STATE (CURRENT) TAXABLE INCOME TAX LIABILITY		EXCESS FED. TAX ABOVE \$5000 LIMIT	SINGLE NO. OF RETURNS	RATE	TOTAL (MIL.)	STATE (PROPOSED) TAXABLE INCOME TAX LIABILITY		FED. TAX AS A % OF A.G.I.	STATE TAX LIABILITY AS A % OF A.G.I.	
Ftnote No.:	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
\$	40,000	\$ 32,000	\$ 7,197	\$ 22,483	\$ 1,411	\$ 2,197	4,921	8.5%	.919	\$ 24,680	\$ 1,598	18.0%	3.5%	4.0%
	51,000	40,800	10,633	27,489	1,848	5,317	2,229	9%	1.063	32,800	2,327	20.8%	3.6%	4.6%
	63,000	50,400	14,918	32,403	2,291	7,459	1,076	9%	.722	39,862	2,963	23.7%	3.6%	4.7%
	76,000	60,800	19,873	37,419	2,743	9,937	676	9%	.605	47,356	3,637	26.1%	3.6%	4.8%
	90,000	72,000	25,473	42,557	3,205	12,737	400	9%	.459	55,294	4,351	28.3%	3.6%	4.8%
	103,000	82,400	30,673	47,328	3,634	15,337	334	9%	.461	62,665	5,015	29.8%	3.5%	4.9%
	124,000	99,200	39,073	55,035	4,328	19,537	188	9%	.331	74,572	6,086	31.5%	3.5%	4.9%
	158,000	126,400	52,673	67,513	5,451	26,337	158	9%	.375	93,850	7,822	33.3%	3.4%	5.0%
	212,000	169,600	74,273	87,331	7,235	37,137	271	9%	.906	124,468	10,577	35.0%	3.4%	5.0%
	382,000	305,600	142,273	149,721	12,850	71,137	168	9%	1.076	220,858	19,252	37.2%	3.4%	5.0%
	655,000	524,000	251,473	249,912	21,867	125,737	205	9%	2.320	375,649	33,183	38.4%	3.3%	5.1%
	1,065,000	852,000	415,473	400,855	35,452	207,737	72	9%	1.346	608,592	54,148	39.0%	3.3%	5.1%
	1,677,000	1,341,600	660,273	624,986	55,624	330,137	9	9%	.267	955,123	85,336	39.3%	3.3%	5.1%
	2,052,000	1,641,600	810,273	762,600	68,010	405,137	4	9%	.146	1,167,737	104,471	39.5%	3.3%	5.1%
	4,750,000	3,800,000	1,889,473	1,752,777	157,125	944,737	3	9%	.255	2,697,514	242,151	39.8%	3.3%	5.1%
	10,190,000	8,152,000	4,065,473	3,749,257	336,808	2,032,737	1	9%	.185	5,781,994	519,754	39.9%	3.3%	5.1%
	29,630,000	23,704,000	11,841,473	10,883,737	978,911	5,920,737	1	9%	.533	16,804,474	1,511,778	40.0%	3.3%	5.1%

Non-Resident Correction: (13)

Below \$100,000 AGI -	\$ 3,771,044	x .82 =	3,092,256
Above 100,000 AGI -	8,197,604	x .67 =	5,492,395
<b>TOTAL</b>			<b>\$8,584,651</b>

Footnotes: See attached sheet.



KANSAS DEPARTMENT OF REVENUE  
Individual Income Tax Proposal

Limiting Federal Income Tax Deduction (\$5,000 for Single and \$10,000 for Married Filing Joint, or 50% of Federal Tax Deduction)

## Footnotes:

- (1) Assumes excess itemized deductions and personal exemption amounts combined are 20% of adjusted gross income  
Source: Statistics of Income, Department of Treasury. (AGI).
- (2) Based on Federal Tax Tables, tax year 1983.
- (3) Assumes standard and itemized deductions combined are: Single - 23.3% of AGI  
Married - 22.7% of AGI  
Personal Exemption - \$1,000 for Single, \$3,000 for Married. Fed. tax deduction - full amount.  
Source: Department of Revenue, Income Tax Statistics. (ITXT0)
- (4) Col. 3 less \$5,000 for Single, \$10,000 for Married or 50% of Col. 3, whichever is larger.
- (5) Number of filers by Kansas taxable income bracket, tax year 1981.  
Source: Department of Revenue, School Foundation Report.
- (6) Kansas taxable income tax rate at level of excess deduction (Col. 4).
- (7) Col. 4 x Col. 5 x Col. 6.
- (8) Same as footnote (3) except federal tax deduction is same as footnote (4).
- (9) Revised tax liability
- (10) Col. 3 divided by Col. 1.
- (11) Col. 5 divided by Col. 1.
- (12) Col. 11 divided by Col. 1.
- (13) Non-Resident correction factor to adjust for reporting full income before application of non-resident allocation percentage which is applied to tax liability.  
Below \$100,000 AGI = 82%  
Above \$100,000 AGI = 67%

April 7, 1983

KANSAS DEPARTMENT OF REVENUE  
INDIVIDUAL INCOME TAX PROPOSAL  
SUMMARY ANALYSIS OF TAXABLE INCOME

The following table summarizes by selected counties and statewide, the distribution of individual taxpayers by selected income brackets:

<u>County</u>	No. of Taxpayers with Taxable Income		<u>Total</u>	<u>% of Total</u>
	<u>Above \$20,000 Single</u>	<u>Above \$30,000 Joint</u>		
Johnson	1629	6864	8493	20.3%
Sedgwick	1524	4401	5925	14.2%
Other Counties	<u>7563</u>	<u>19835</u>	<u>27398</u>	<u>65.5%</u>
	10,716	31,100	41,816	100.0%

AH ~~E~~ 4-7-83  
12:30 p.m.

4/7/83

KANSAS DEPARTMENT OF REVENUE  
INDIVIDUAL INCOME TAX - 1981  
ANALYSIS OF NUMBER OF RETURNS ITEMIZING  
STATEWIDE

<u>ADJUSTED GROSS INCOME BRACKET</u>	<u>NUMBER OF RETURNS</u>			<u>PERCENT IN BRACKET</u>
	<u>IN BRACKET</u>	<u>PERCENT OF TOTAL</u>	<u>ITEMIZING DEDUCTIONS</u>	
Below \$ 20,000	657,545	61.5 %	84,836	12.9%
\$ 20,000- 25,000	110,577	10.3	49,231	44.5
25,000- 30,000	89,592	8.4	52,480	58.6
30,000- 35,000	67,278	6.3	47,685	70.9
35,000- 40,000	46,525	4.4	36,592	78.7
40,000- 50,000	48,473	4.5	41,665	86.0
50,000- 60,000	19,461	1.8	17,513	90.0
60,000- 75,000	12,130	1.1	11,131	91.8
75,000- 100,000	7,991	0.7	7,506	93.9
100,000- 200,000	7,061	0.7	6,816	96.5
200,000- 300,000	1,344	0.1	1,311	97.5
300,000- 500,000	777	0.1	747	96.1
500,000- 750,000	395	0.04	381	96.5
750,000-1,000,000	170	0.02	164	96.5
1,000,000 and Above	<u>58</u>	0.01	<u>57</u>	98.3
Total	1,069,377	100.0 %	358,115	33.5%

F  
 ATT ~~X~~ 4-7-83  
 12:30 p.m.

KANSAS DEPARTMENT OF REVENUE  
 INDIVIDUAL INCOME TAX - 1981  
 ANALYSIS OF NUMBER OF RETURNS ITEMIZING  
 Sedgwick County

ADJUSTED GROSS INCOME BRACKET	NUMBER OF RETURNS			PERCENT IN BRACKET
	IN BRACKET	PERCENT OF TOTAL	ITEMIZING DEDUCTIONS	
Below \$20,000	92,906	58.47%	11,474	12.35%
20,000 - 25,000	16,844	10.60%	7,270	43.16%
25,000 - 30,000	13,879	8.73	8,115	58.47%
30,000 - 35,000	10,850	6.83	7,576	69.82%
35,000 - 40,000	8,045	5.06	6,233	77.48%
40,000 - 50,000	8,859	5.58	7,772	87.73%
50,000 - 60,000	3,246	2.04	3,016	92.91%
60,000 - 75,000	1,759	1.11	1,679	95.45%
75,000 - 100,000	1,075	.68	1,045	97.21%
100,000 - 200,000	1,036	.65	1,017	98.17%
200,000 - 300,000	213	.13	210	98.59%
300,000 - 500,000	107	.07	105	98.13%
500,000 - 750,000	40	.03	39	97.50%
750,000 - 1,000,000	12	.008	12	100.00%
1,000,000 and above	20	.01	20	100.00%
Total	158,891		55,583	

KANSAS DEPARTMENT OF REVENUE  
 INDIVIDUAL INCOME TAX - 1981  
 ANALYSIS OF NUMBER OF RETURNS ITEMIZING  
 JOHNSON COUNTY

<u>ADJUSTED GROSS INCOME BRACKET</u>		<u>NUMBER OF RETURNS</u>			<u>PERCENT IN BRACKET</u>
		<u>IN BRACKET</u>	<u>PERCENT OF TOTAL</u>	<u>ITEMIZING DEDUCTIONS</u>	
Below	\$ 20,000	60,449	50.5%	10,811	17.9%
\$	20,000 - 25,000	10,790	9.0	6,371	59.0
	25,000 - 30,000	9,966	8.3	7,294	73.2
	30,000 - 35,000	9,081	7.6	7,701	84.8
	35,000 - 40,000	7,589	6.3	6,879	90.6
	40,000 - 50,000	9,634	8.1	9,218	95.7
	50,000 - 60,000	4,769	4.0	4,669	97.9
	60,000 - 75,000	3,138	2.6	3,105	98.9
	75,000 - 100,000	2,022	1.7	2,002	99.0
	100,000 - 200,000	1,741	1.5	1,728	99.3
	200,000 - 300,000	264	0.2	264	100.0
	300,000 - 500,000	119	0.1	118	99.2
	500,000 - 750,000	39	0.03	39	100.0
	750,000 - 1,000,000	15	0.01	14	93.3
	1,000,000 and Above	<u>11</u>	0.01	<u>11</u>	100.0
	TOTAL	119,627	100.0	60,224	50.3%