

CHAPTER 164  
SENATE BILL No. 362

TO  
Retirement system, Kansas public employees . . . . .18

SEC.

AN ACT concerning retirement and pensions; enacting the Kansas public employees retirement system act of 2009; providing terms, conditions and requirements related thereto for certain new members; benefit enhancements for existing members; postretirement benefit payment to certain retirants, employer contributions; making and concerning appropriations for the fiscal year ending June 30, 2008; amending K.S.A. 74-4911 and 74-4917 and K.S.A. 2006 Supp. 74-4920 and repealing the existing sections.

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

New Section 1. (a) The provisions of sections 1 through 13, and amendments thereto, shall be known and may be cited as the Kansas public employees retirement system act of 2009, and shall be effective on and after July 1, 2009.

(b) The board of trustees of the Kansas public employees retirement system shall administer the provisions of this act in the same manner as the board administers the provisions of K.S.A. 74-4901 et seq., and amendments thereto, except as specifically provided in this act.

(c) Unless specifically provided in this act, the provisions of K.S.A. 74-4901 et seq., and amendments thereto, shall be applicable to this act. In an event that a conflict exists between the provisions of this act and the provisions of K.S.A. 74-4901 et seq., and amendments thereto, the provisions of this act shall control, and to that end, no legal or contractual rights shall inure to the benefit of members or participating employers under this act with regard to the provisions of K.S.A. 74-4901 et seq., and amendments thereto, when the provisions of this act control.

(d) Each participating employer as provided in this act and each employee as defined by this act shall be subject to the provisions of this act as specified in this act and subject to the provisions of K.S.A. 74-4901 et seq., and amendments thereto, as appropriate as to terms, conditions and requirements not specifically covered in this act. The provisions of this act shall not apply to members of the Kansas public employees retirement system as provided in K.S.A. 74-4901 et seq., and amendments thereto, employed by a participating employer prior to July 1, 2009.

(e) The provisions of this act shall be part of and supplemental to the provisions of K.S.A. 74-4901 et seq., and amendments thereto, subject to the limitations contained in this act.

New Sec. 2. (a) As used in this act, unless otherwise provided or the context otherwise requires: (1) "Act" means the Kansas public employees retirement system act of 2009, sections 1 through 13, and amendments thereto;

(2) "compensation" means the same as such term is defined in K.S.A. 74-4902, and amendments thereto, except that when the compensation of a member who remains in substantially the same position during any two consecutive years of participating service used in calculating final average salary is increased by an amount which exceeds 7.5%, then the amount of such increase which exceeds 7.5% shall not be included in compensation, except that: (A) Any amount of compensation for accumulated sick leave or vacation or annual leave paid to the member, (B) any increase in compensation for any member due to the reclassification or reallocation of such member's position or a reassignment of such member's job classification to a higher range or level and, (C) any increase in compensation as provided in any contract entered into prior to January 1, 1991, and still in force on July 1, 2009, pursuant to an early retirement incentive program as provided in K.S.A. 72-5395 et seq., and amendments thereto, shall be included in the amount of compensation of such member used in determining such member's final average salary and shall not be subject to the 7.5% limitation provided in this subsection. Any contributions by such member on the amount of such increase which exceeds 7.5% which is not included in compensation shall be returned to the member;

(3) "employee" means the same as such term is defined in K.S.A. 74-4902, and amendments thereto, except that only employees first employed by a participating employer on or after July 1, 2009, or employees of a participating employer which affiliates on or after July 1, 2009, are subject to the provisions of this act. The term employee shall include

employees as provided in K.S.A. 74-4931 et seq., and amendments thereto, first employed by a participating employer on or after July 1, 2009, or such employees of a participating employer which affiliates on or after July 1, 2009;

(4) "entry date" means the entry date as of which an eligible employer joins the system. The first entry date is July 1, 2009. All employers which are eligible employers under the provisions of K.S.A. 74-4901 et seq., and amendments thereto, are eligible employers under this act. The entry date for participating employers under the provisions of K.S.A. 74-4901 et seq., and amendments thereto, is July 1, 2009;

(5) "final average salary" means the average highest annual salary, as defined in K.S.A. 74-4902, and amendments thereto, paid to such member for any five years of participating service preceding retirement or termination of employment;

(6) "first employed" means an employee has not been an employee of any participating employer prior to July 1, 2009, and is employed by a participating employer on or after July 1, 2009; an employee who is a former member of the system who withdrew contribution accounts before July 1, 2009, and who is again employed by a participating employer on or after July 1, 2009; or an employee who was an inactive non-vested member and who is again employed by a participating employer on or after July 1, 2009;

(7) "inactive, non-vested member" means a member who has terminated employment with a participating employer and who does not have a vested retirement benefit in the system on July 1, 2009;

(8) "normal retirement date" means the date on or after which a member may retire with all retirement benefits pursuant to section 4, and amendments thereto;

(9) "participating employer" means an eligible employer who has agreed to make contributions to the system on behalf of its employees first hired on or after July 1, 2009. All participating employers under the provisions of K.S.A. 74-4901 et seq., and amendments thereto, shall be participating employers under this act; and

(10) "salary" means the same as such term is defined in K.S.A. 74-4902, and amendments thereto, except that when the salary of a member who remains in substantially the same position during any two consecutive years of participating service used in calculating final average salary is increased by an amount which exceeds 7.5%, then the amount of such increase which exceeds 7.5% shall not be included in salary. Any contributions by such member on the amount of such increase which exceeds 7.5% which is not included in salary shall be returned to the member. All other provisions in K.S.A. 74-4902, and amendments thereto, related to compensation and salary of a member that are not in conflict with the provisions of this act are hereby adopted for determining final average salary under this act.

(b) Unless specifically provided in this section or in this act, words and phrases used in this act shall have the meanings ascribed to them as provided under the provisions of K.S.A. 74-4901 et seq., and amendments thereto.

New Sec. 3. (a) Any employee other than an elected official of a participating employer who is first employed by a participating employer on or after July 1, 2009, shall be a member of the system under the provisions of this act on the first day of employment of such employee with such participating employer.

(b) Any employee other than an elected official of a participating employer which affiliates with the system on or after July 1, 2009, shall be a member of this system under the provisions of this act on the entry date of such participating employer.

(c) Any employee who is an elected official and who first took office on or after July 1, 2009, and is eligible to join the system shall file, within 90 days after taking the oath of office, an irrevocable election to become or not to become a member of the system under the provisions of the Kansas public employees retirement system act of 2009. Such election shall become effective immediately upon making such election, if such election is made within 14 days of taking the oath of office or, otherwise, on the first day of the first payroll period of the first quarter following receipt of the election in the office of the retirement system. In the event that such elected official fails to file the election to become a member of the retirement system, it shall be presumed that such person has elected

not to become a member.

New Sec. 4. The normal retirement date for a member of the system first employed by a participating employer on or after July 1, 2009, shall be the first day of the month coinciding with or following termination of employment with any participating employer not followed by employment with any participating employer within 30 days and the attainment of age 65 with the completion of five years of credited service, or age 60 with the completion of 30 years of credited service. The provisions of this section shall apply to a member of the retirement system who is in school employment and who is subject to K.S.A. 74-4940, and amendments thereto.

New Sec. 5. For any member who is first employed by a participating employer on or after July 1, 2009, and who retires on or after such member's normal retirement date, the amount for participating service shall be equal to the total of 1.75% of the member's final average salary multiplied by the number of years of participating service to be used in determining such member's annual retirement benefit.

New Sec. 6. (a) Any member of the system first employed on or after July 1, 2009, who retires before attaining age 65 and has attained age 55 with the completion of 10 years of credited service and less than 30 years of credited service, shall receive an annual retirement benefit as calculated in section 5, and amendments thereto, actuarially reduced for early retirement. The reduction for early retirement shall produce a benefit which is actuarially equivalent to, and has the same present value of, the annual retirement benefit determined in section 5, and amendments thereto, payable to such member's normal retirement at age 65. The actuarial basis for reduction of such annual retirement benefit for early retirement shall be set by the board.

(b) Any member of the system first employed on or after July 1, 2009, who retires before attaining age 65 and has attained age 55 but has not yet attained age 60 with the completion of 30 years or more of credited service, shall receive an annual retirement benefit equal to the average of the normal retirement benefit at age 65 as determined in section 5, and amendments thereto, and the early retirement benefit as determined in subsection (a).

New Sec. 7. (a) Notwithstanding the provisions of section 4, and amendments thereto, the normal retirement date for all security officers, as defined by subsections (1)(a) or (1)(b) of K.S.A. 74-4914a, and amendments thereto, with at least three consecutive years of service as such security officer immediately preceding the date of retirement, shall be the first day of the month coinciding with or following the attainment of age 55 with completion of 10 years of service. Any such security officer may retire before such normal retirement date on the first day of any month coinciding with or following the attainment of age 50 or completion of 10 years of credited service, whichever occurs later.

(b) Notwithstanding the provisions of section 4, and amendments thereto, the normal retirement date for all security officers, as defined by subsections (1)(c), (d), (e) or (f) of K.S.A. 74-4914a, and amendments thereto, with at least three consecutive years of service as such security officer immediately preceding the date of retirement, shall be the first day of the month coinciding with or following the attainment of age 60 with completion of 10 years of service. Any such security officer may retire before such normal retirement date on the first day of any month coinciding with or following the attainment of age 55 or completion of 10 years of credited service, whichever occurs later.

New Sec. 8. Any member who is first employed by a participating employer on or after July 1, 2009, and who has completed five years of credited service at the time of termination, shall be granted a vested retirement benefit in the system, except that at any time prior to the commencement of retirement benefit payments the member may withdraw accumulated contributions, whereupon no other benefits shall be payable for such member's prior and participating benefits.

New Sec. 9. Any member who is first employed by a participating employer on or after July 1, 2009, may elect to have such member's retirement benefit paid under one of the options provided in K.S.A. 74-4918, and amendments thereto, in lieu of having it paid in the form stated in section 5 and K.S.A. 74-4915, and amendments thereto, except that any such member or such member's spouse that elects to be paid a lump

sum amount to be paid to the member upon retirement as provided pursuant to K.S.A. 74-4918, and amendments thereto, shall be paid in 10% increments and shall not exceed 30% of the actuarial present value of the benefit provided in section 5 and K.S.A. 74-4915, and amendments thereto; and for any such member who elects any joint and survivor options provided in K.S.A. 74-4918, and amendments thereto, such member shall have such member's annual retirement benefit determined and then reduced by an amount recommended by the actuary employed by the system and approved by the board.

New Sec. 10. (a) Each participating employer who was a participating employer under the provisions of K.S.A. 74-4901 et seq., and amendments thereto, before July 1, 2009, beginning with the first payroll for services performed by an employee first employed on or after July 1, 2009, shall deduct from the compensation of each member 6% of such member's compensation as employee contributions.

(b) Each participating employer who affiliates for any purpose on or after July 1, 2009, beginning with the first payroll for services performed by an employee first employed on or after July 1, 2009, shall deduct from the compensation of each member 6% of such member's compensation as employee contributions.

New Sec. 11. The rate of contribution for participating employers who were participating employers under the provisions of K.S.A. 74-4901 et seq., and amendments thereto, on July 1, 2009, and for participating employers who affiliate for any purpose on or after July 1, 2009, shall be as provided pursuant to K.S.A. 74-4920, and amendments thereto, except that such rate of contribution for any such participating employers shall not be less than the rate of contribution the employees of such participating employers as provided in section 9 and K.S.A. 74-4920, and amendments thereto.

New Sec. 12. (a) For any year in which: (1) The rate of contribution certified to the state of Kansas and to participating employers under K.S.A. 74-4931, and amendments thereto, for the immediately preceding fiscal year, as calculated in accordance with subsection (1)(a) of K.S.A. 74-4920 and subsection (5)(b)(ii) of 74-4920, and amendments thereto, equals the actuarially-determined rate of contribution required from the state of Kansas and from participating employers under K.S.A. 74-4931, and amendments thereto; and (2) the board of trustees upon the basis of the annual actuarial valuation as provided for in subsection (3)(a) of K.S.A. 74-4908, and amendments thereto, recommend an increase in the actuarially-determined estimate of the rate of the contribution which will be required, together with all accumulated contributions and other assets of the system, to pay the liabilities which shall exist or accrue under the system, the legislature reserves the right to adjust the employee rate of contribution prescribed in section 10, and amendments thereto, to allow participating employers and employees to share equally any additional contribution rate actuarially required to fund the system subject to the provisions of section 11, and amendments thereto.

(b) For any year in which: (1) The rate of contribution certified to participating employers other than the state of Kansas for the immediately preceding fiscal year, as calculated in accordance with subsection (1)(a) of K.S.A. 74-4920, subsection (1)(b)(ii) of 74-4920 and subsection (5)(b)(iv) of 74-4920, and amendments thereto, equals the actuarially-determined rate of contribution required from participating employers other than the state of Kansas; and (2) the board of trustees upon the basis of the annual actuarial valuation as provided for in subsection (3)(a) of K.S.A. 74-4908, and amendments thereto, recommend an increase in the actuarially-determined estimate of the rate of contribution which will be required, together with all accumulated contributions and other assets of the system, to pay the liabilities which shall exist or accrue under the system, the legislature reserves the right to adjust the employee rate of contribution prescribed in section 10, and amendments thereto, to allow participating employers and employees to share equally any additional contribution rate actuarially required to fund the system subject to the provisions of section 11, and amendments thereto.

New Sec. 13. (a) Beginning on July 1, 2010, and on each July 1 thereafter, the retirement benefit, pension or annuity payments to each retiree who retires under this act shall be increased by an annual cost-of-living adjustment in an amount equal to 2.0% multiplied by the retirement benefit, pension or annuity payment in effect on that date and shall be

paid by the system to the retirant during each such period. The first increase for such a retirant shall be on the second July 1 following such retirant's retirement date. Subsequent increases shall occur on each July 1 thereafter.

(b) As used in this section, "retirant" means: (A) Any person who is a member of the Kansas public employees retirement system pursuant to this act, who is retired under the provisions of this act, and who is at least 65 years of age; and (B) any person who is a joint annuitant or beneficiary of any member described in clause (A).

Sec. 14. On and after July 1, 2008, 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, *except that an employee of a participating employer who was first employed by a participating employer on or after July 1, 2008, but before July 1, 2009, shall be a member on July 1, 2009, and except that an employee who is first employed by a participating employer on or after July 1, 2009, shall be a member of the system on the first day of employment of such employee with such participating employer.* For purposes of this act occasional breaks in service which shall not exceed an aggregate of 10 days in any such year shall not constitute a break in service for purposes of determining the membership date of such employee.

(2) Except as otherwise provided in this subsection, any employee other than an elected official who is employed by a participating employer after the entry date of such employer 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. For purposes of this act, occasional breaks in service which shall not exceed an aggregate of 10 days in any such year shall not constitute a break in continuous service for purposes of determining the membership date of such employee. For purposes of this subsection, any employee of a local governmental unit which has its own pension plan who becomes an employee of a participating employer as a result of a merger or consolidation of services provided by local governmental units, which occurred on January 1, 1994, may count service with such local governmental unit in determining whether such employee has met the one year of continuous service requirement contained in this subsection.

(3) Any employee who is an elected official and is eligible to join the system shall file, within 90 days after taking the oath of office, an irrevocable election to become or not to become a member of the system. Such election shall become effective immediately upon making such election, if such election is made within 14 days of taking the oath of office or, otherwise, on the first day of the first payroll period of the first quarter following receipt of the election in the office of the retirement system. In the event that such elected official fails to file the election to become a member of the retirement system, it shall be presumed that such person has elected not to become a member.

(4) Except as otherwise required by USERRA, any employee other than an elected official who is in military service or on leave of absence on the entry date of 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 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.

(7) Any elected official who at the time of becoming an elected official is already a member of the system by being or having been an employee of a participating employer shall continue as a member of the system.

Sec. 15. On and after July 1, 2009, K.S.A. 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 within 30 days of such termination, 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. The participating employer shall, upon giving a terminated employee a withdrawal application, certify to the system all member contributions which have not been reported previously. In the case of a death of an active member, the participating employer shall certify to the system all member contributions which have not been reported previously and remit such contributions if the participating employer has not submitted a monthly remittance for the terminating quarter. The participating employer shall be responsible to the system for any overpayment or underpayment of member contributions made by the system relating to a withdrawal of accumulated contributions or a death of an active member which is due to an inaccurate certification of all member contributions which have not been reported to the system as required by this section made 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) Except as otherwise provided by this subsection, if such member has completed 10 years of credited service at date of termination, *or commencing July 1, 2009, if such member has completed five years of credited service at the 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 the member may withdraw accumulated contributions, whereupon no other benefits shall be payable for such member's prior and participating service credit. For purposes of this subsection, any employee of a local governmental unit which has its own pension plan who becomes an employee of a participating employer as a result of a merger or consolidation of services provided by local governmental units, which occurred on January 1, 1994, may count service with such local governmental unit in determining whether such employee has met the 10 years of credited service for vesting requirement contained in this subsection. Eligibility of such member for retirement benefits and procedures for making application

for retirement benefits shall be in accordance with K.S.A. 74-4914 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. 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, 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. 74-4914 and amendments thereto.

New Sec. 16. (a) Each retirant who is entitled to receive a retirement benefit, pension or annuity payment from a retirement system shall be entitled to receive a postretirement benefit payment as specified in this section. Such postretirement benefit payment shall be paid in addition to the amount of the retirement benefit, pension or annuity payment to which the retirant is otherwise entitled pursuant to law and shall be paid in the form of an additional payment which shall be made on October 1, 2007.

(b) Each such postretirement benefit payment as provided in this section shall be payable to the retirant in an amount equal to \$300.

(c) Each such postretirement benefit payment for retirants other than insured disability benefit recipients shall be paid by the retirement system to such retirants and shall be payable from the Kansas public employees retirement fund. Each such postretirement benefit payment for retirants who are insured disability benefit recipients shall be paid by the retirement system to such retirants and shall be payable from the group insurance reserve fund.

(d) As used in this section:

(1) "Retirant" means (A) any person who is a member of a retirement system and who retired prior to July 1, 1997, and who had at least 10 years or more of service credit, (B) any person who is a special member of a retirement system and who retired prior to July 1, 1997, and who had at least 10 years or more of service credit, (C) any person who is a joint annuitant or beneficiary of any member described in clause (A) or any special member described in clause (B), and (D) any insured disability benefit recipient.

(2) "Retirement system" means the Kansas public employees retirement system, the Kansas police and firemen's retirement system, the state school retirement system and the retirement system for judges.

(3) "Insured disability benefit recipient" means any person receiving an insured disability benefit under K.S.A. 74-4927, and amendments thereto, prior to July 1, 1997.

Sec. 17. K.S.A. 2006 Supp. 74-4920 is hereby amended to read as follows: 74-4920. (1) (a) Upon the basis of each annual actuarial valuation and appraisal as provided for in subsection (3)(a) of K.S.A. 74-4908 and amendments thereto, the board shall certify, on or before July 15 of each year, to the division of the budget in the case of the state and to the agent for each other participating employer an actuarially determined estimate of the rate of contribution which will be required, together with all accumulated contributions and other assets of the system, to be paid by each such participating employer to pay all liabilities which shall exist or accrue under the system, including amortization of the actuarial accrued liability as determined by the board. The board shall determine the actuarial cost method to be used in annual actuarial valuations, to determine the employer contribution rates that shall be certified by the board. Such certified rate of contribution, amortization methods and periods and actuarial cost method shall be based on the standards set forth in subsection (3)(a) of K.S.A. 74-4908 and amendments thereto and shall not be based

on any other purpose outside of the needs of the system.

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

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

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

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

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

(ii) Except as specifically provided in this subsection, for the fiscal years commencing in the following calendar years, the rate of contribution cer-



tified to the state of Kansas and to the participating employers under K.S.A. 74-4931, and amendments thereto shall in no event exceed the state's contribution rate for the immediately preceding fiscal year by more than the following amounts expressed as a percentage of compensation upon which members contribute during the period: (A) For the fiscal year commencing in calendar year 2005, an amount not to exceed more than 0.4% of the amount of the immediately preceding fiscal year; (B) for the fiscal year commencing in calendar year 2006, an amount not to exceed more than 0.5% of the amount of the immediately preceding fiscal year; and (C) for the fiscal year commencing in calendar year 2007 and in each subsequent calendar year, an amount not to exceed more than 0.6% of the amount of the immediately preceding fiscal year.

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

(iv) Except as specifically provided in this subsection, for the fiscal years commencing in the following calendar years, the rate of contribution certified to participating employers other than the state of Kansas shall in no event exceed the contribution rate for such employers for the immediately preceding fiscal year by more than the following amounts expressed as a percentage of compensation upon which members contribute during the period: (A) For the fiscal year commencing in calendar year 2006, an amount not to exceed more than 0.4% of the amount of the immediately preceding fiscal year; (B) for the fiscal year commencing in calendar year 2007, an amount not to exceed more than 0.5% of the amount of the immediately preceding fiscal year; and (C) for the fiscal year commencing in calendar year 2008 and in each subsequent calendar year, an amount not to exceed more than 0.6% of the amount of the immediately preceding fiscal year.

(v) As part of the annual actuarial valuation, there shall be a separate employer rate of contribution calculated for the state of Kansas, a separate employer rate of contribution calculated for participating employers under K.S.A. 74-4931 and amendments thereto, a combined employer rate of contribution calculated for the state of Kansas and participating employers under K.S.A. 74-4931, and amendments thereto, and a separate employer rate of contribution calculated for all other participating employers.

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

(vii) If the combined employer rate of contribution calculated for the state of Kansas and participating employers under K.S.A. 74-4931, and amendments thereto, is greater than the separate employer rate of contribution for the state of Kansas, the difference in the two rates applied to the actual payroll of the state of Kansas for the applicable fiscal year shall be calculated. This amount shall be certified by the board as additional employer contributions for the participating employers under K.S.A. 74-4931, and amendments thereto, to the division of budget and governor who shall include in the budget each year thereafter provisions for the transfer from the state general fund of sufficient sums to satisfy this obligation. This amount shall be distributed through the same procedure as followed for the employer contribution payments under K.S.A. 74-4939 and K.S.A. 74-4939a, and amendments thereto, and then remitted by the participating employers to the Kansas public employees retirement system for deposit as additional employer contributions to the retirement benefit accumulation reserve for the participating employers under K.S.A. 74-4931, and amendments thereto.

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

(7) The actuarial cost of the provisions of K.S.A. 74-4950i will be included in the June 30, 1998, actuarial valuation in determining contribution rates for participating employers. The actuarial accrued liability

incurred for the provisions of K.S.A. 74-4950i shall be amortized over 15 years.

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

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

(10) *The cost of the postretirement benefit payment provided pursuant to the provisions of section 16, and amendments thereto, for retirants other than local retirants as described in subsection (11) or insured disability benefit recipients shall be paid in the fiscal year commencing on July 1, 2007.*

(11) *The actuarial accrued liability incurred for the provisions of section 16, and amendments thereto, for the KPERs local group and retirants who were employees of local employers which affiliated with the Kansas police and firemen's retirement system shall be amortized over 10 years.*

(12) 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 amendments thereto at rates different from the rate fixed for employers joining within one year of the first entry date.

~~(11)~~ (13) For employers affiliating on and after January 1, 1999, the rates of contribution certified to the participating employer as provided in this section shall apply during the fiscal year immediately following such certification, but the rate of contribution during the first year following the employer's entry date shall be equal to 7% of the amount of compensation on which members contribute during the year. Any amount of such first year's contribution which may be in excess of the necessary current service contribution shall be credited by the board to the respective employer's prior service liability.

~~(12)~~ (14) 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.

~~(13)~~ (15) Notwithstanding any provision of law to the contrary, each participating employer shall remit quarterly, or as the board may otherwise provide, all employee deductions and required employer contributions to the executive director for credit to the Kansas public employees retirement fund within three days after the end of the period covered by the remittance by electronic funds transfer. Remittances of such deductions and contributions received after such date are delinquent. Delinquent payments due under this subsection 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. 18.

#### KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM

(a) There is appropriated for the above agency from the state general fund for the fiscal year ending June 30, 2008, the following:

Reimbursement for postretirement benefit payments ..... \$7,000,000

*Provided*, That all moneys in the reimbursement for postretirement benefit payments account shall be paid into the Kansas public employees retirement fund on July 1, 2007, or as soon thereafter as moneys are available therefor, for the purpose of reimbursing the Kansas public employees retirement fund for the postretirement benefit payment for retirants, other than local retirants and insured disability benefit recipients, pursuant to section 16 of this act.

Sec. 19. K.S.A. 2006 Supp. 74-4920 is hereby repealed.

Sec. 20. On and after July 1, 2008, K.S.A. 74-4911 is hereby repealed.

Sec. 21. On and after July 1, 2009, K.S.A. 74-4917 is hereby repealed.

Sec. 22. This act shall take effect and be in force from and after its

publication in the statute book.

Approved April 20, 2007.

