

SESSION OF 2002

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2619

As Amended by House Committee on
Appropriations

Brief*

HB 2619, as amended, would permit school district boards of education, community college boards of trustees, and the State of Kansas to make employer contributions to tax deferred savings plans authorized by federal law. The bill would allow boards for community colleges and public school districts to contribute to an employee's individual account or annuity under section 403(b) or a deferred compensation plan under 457(b) of the Internal Revenue Code. In addition, the bill would allow the state to establish a new section 401(a) plan under the Internal Revenue Code to make employer contributions on behalf of employees who make contributions into a section 457(b) deferred compensation plan. The state's contributions would be subject to appropriations in determining an amount to be paid.

Background

The Joint Committee on Pensions, Investments and Benefits recommended introduction of HB 2619. The bill as introduced would have permitted community college and public school boards to make employer contributions to an employee's tax sheltered 403(b) plan.

An Attorney General's Letter Opinion was reviewed by the Joint Committee during the 2001 Interim. The letter was in response to a State Department of Education request about matching annuity contributions for school employees to be paid by a school district. The Attorney General's letter indicated that "statutes fail to provide any reasonable implication that a board of education may match contributions made into a tax sheltered annuity by an employee through a

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.accesskansas.org/legislature/>

reduction in compensation paid by the school district. A board of education, there for, may not use its funds to match contributions paid into an employee's tax sheltered annuity.”

The House Appropriations Committee heard testimony in support of HB 2619 from representatives of Unified School District 233 (Olathe), the Kansas National Education Association, and the Kansas Association of School Boards. The Director of Personnel Services, Department of Administration, asked for an amendment to include a new plan for state employees in provisions of the bill that would allow the state to make contributions in conjunction with an employee's participation in a 457(b) plan. The Director stressed that the provision would be subject to appropriations, and that by adding the new authority for the State of Kansas to make contributions, at some future date the plan might be implemented.