As Amended by House Committee

Session of 2026

SENATE BILL No. 435

By Committee on Financial Institutions and Insurance

2-2

AN ACT concerning retirement and pensions; relating to the Kansas public employees retirement system and systems thereunder; authorizing the board of trustees to elect the vice chairperson of the board; requiring newly affiliated employers of the Kansas police and firemen's retirement system to contribute at the actuarial required rate for past and future service; repealing certain working after retirement statutes for state and local elected officials; amending K.S.A. 74-4967 and K.S.A. 2025 Supp. 74-4905 and repealing the existing sections; also repealing K.S.A. 74-4915b and 74-4915c.

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

Section 1. K.S.A. 2025 Supp. 74-4905 is hereby amended to read as follows: 74-4905. (a) On July 1, 1993, the board of trustees of the Kansas public employees retirement system, as such board existed on June 30, 1993, is hereby abolished. On July 1, 1993, there is hereby established a new board of trustees of the Kansas public employees retirement system. Such board established on July 1, 1993, shall consist of nine members, as follows:

(1) Six appointed members, four appointed by the governor subject to confirmation by the senate as provided in K.S.A. 75-4315b, and amendments thereto, one appointed by the president of the senate and one appointed by the speaker of the house of representatives. Except as provided by K.S.A. 46-2601, and amendments thereto, no person appointed to the board whose appointment is subject to confirmation, shall exercise any power, duty or function as a member of the board until confirmed by the senate. No more than two members of the board whose appointment is subject to confirmation shall be from the same political party;

(2) two retirement system members elected by the members and retirants of the system as provided in K.S.A. 74-4909(12), and amendments thereto. As provided in this subsection, only active and retired members of the system shall be eligible to be elected to the board and only active and retired members of the system shall be eligible to elect the two retirement system members pursuant to this subsection. Inactive members shall not be eligible to be elected to the board nor to elect the two retirement system members elected pursuant to this subsection. If a

member elected to the board as provided in this subsection becomes inactive, such member is disqualified from service on the board and such member's board position shall be vacant and such vacancy shall be filled as provided in subsection (b)(1). Of the two retirement system members elected pursuant to this subsection, one shall be a member of the retirement system who is in school employment as provided in K.S.A. 74-4931 et seq., and amendments thereto and one shall be a member of the retirement system other than a member who is in school employment. For purposes of this subsection, retirement system means the Kansas public employees retirement system, the Kansas police and firemen's retirement system and the retirement system for judges; and

(3) the state treasurer.

(b) (1) Except as provided by this paragraph and paragraph (2), all members of the board as provided in subsection (a)(1) and (a)(2) shall serve four-year terms, except that of the members first appointed by the governor, two shall be appointed for two-year terms and the member appointed by the speaker of the house of representatives shall be appointed for a two-year term. The governor shall designate the term for which each of the members first appointed shall serve. All members appointed to fill vacancies in the membership of the board and all members appointed to succeed members appointed to membership on the board shall be appointed in like manner as that provided for the original appointment of the member succeeded. All members appointed to fill vacancies of a member of the board appointed by the governor, the president of the senate or the speaker of the house of representatives shall be appointed to fill the unexpired term of such member. All vacancies on the board by a member elected by the members and retirants of the system shall be filled by the board as provided by rules and regulations adopted as provided in K.S.A. 74-4909(12), and amendments thereto.

(2) Except as provided in K.S.A. 46-2601, and amendments thereto, no person appointed to the board by the governor shall exercise any power, duty or function as a member of the board until confirmed by the senate. The terms of members appointed by the governor who are serving on the board on the effective date of this act shall expire on January 15~~,~~ of the year in which such member's term would have expired under the provisions of this section prior to amendment by this act. Thereafter, members shall be appointed for terms of four years and until their successors are appointed and confirmed.

(c) The board shall elect a chairperson of the board at the first regular meeting held on or after July 1, 1993, and at each annual meeting thereafter from the members of the board. The chairperson shall preside over meetings of the board and perform such other duties as required by the board.

(d) ~~The~~*Following the election of a* chairperson*, the board* shall ~~appoint~~ *elect* another board member as ~~vice-chairperson~~ *vice chairperson*, and the ~~vice-chairperson~~ *vice chairperson* shall perform the duties of chairperson in the absence of the chairperson or upon the chairperson's inability or refusal to act.

(e) The six members appointed pursuant to subsection (a)(1) shall have demonstrated experience in the financial affairs of a public or private organization or entity ~~which~~ *that* employs 100 or more employees or had at least five years' experience in the field of investment management or analysis, actuarial analysis or administration of an employee benefit plan.

(f) No person shall serve on the board if such person has knowingly acquired a substantial interest in any nonpublicly traded investment made with moneys of the fund. Any such person who knowingly acquires such an interest shall vacate such member's position on the board and shall be guilty of a class A misdemeanor. For purposes of this subsection, "substantial interest" means any of the following:

(1) If an individual or an individual's spouse, either individually or collectively, has owned within the preceding 12 months a legal or equitable interest exceeding $5,000 or 5% of any business, whichever is less, the individual has a substantial interest in that business.

(2) If an individual or an individual's spouse, either individually or collectively, has received during the preceding calendar year compensation ~~which~~ *that* is or will be required to be included as taxable income on federal income tax returns of the individual and spouse in an aggregate amount of $2,000 from any business or combination of businesses, the individual has a substantial interest in that business or combination of businesses.

(3) If an individual or an individual's spouse holds the position of officer, director, associate, partner or proprietor of any business, the individual has a substantial interest in that business, irrespective of the amount of compensation received by the individual or individual's spouse.

(4) If an individual or an individual's spouse receives compensation ~~which~~ *that* is a portion or percentage of each separate fee or commission paid to a business or combination of businesses, the individual has a substantial interest in any client or customer who pays fees or commissions to the business or combination of businesses from which fees or commissions the individual or the individual's spouse, either individually or collectively, received an aggregate of $2,000 or more in the preceding calendar year.

(5) If an individual or an individual's spouse has received a loan from or received financing from any bank, savings and loan, credit union or any other financial institution in an amount ~~which~~ *that* exceeds $2,000, the individual has a substantial interest in that financial institution.

(6) As used in this subsection, "client or customer" means a business or combination of businesses.

(7) Any person who serves on the board shall fully disclose any substantial interest that such person has in any publicly traded investment made with moneys of the fund.

(g) No person who serves on the board shall be employed for a period of two years commencing on the date the person no longer serves on the board and ending two years after such date with any organization in which moneys of the fund were invested, except that the employment limitation contained in this subsection shall not apply if such person's employment is with an organization whose stock or other evidences of ownership are traded on the public stock or bond exchanges.

(h) All members of the board named, appointed or elected to the board shall be fingerprinted and to submit to a state and national criminal background check in accordance with K.S.A. 2025 Supp. 22-4714, and amendments thereto. The committee, in accordance with K.S.A. 75-4319, and amendments thereto, shall recess for a closed or executive meeting to receive and discuss information received by the committee pursuant to this subsection.

(i) All of the powers, duties and functions of the board of trustees of the Kansas public employees retirement system as such board existed prior to July 1, 1993, are hereby transferred to and conferred and imposed upon the board of trustees established pursuant to this act. The board of trustees of the Kansas public employees retirement system established pursuant to this act shall be the successor in every way of the powers, duties and functions of the board of trustees existing prior to July 1, 1993, in which the same were vested prior to July 1, 1993.

Sec. 2. K.S.A. 74-4967 is hereby amended to read as follows: 74-4967. (1) 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 participating employer an actuarially determined estimate of the rate of contribution ~~which~~ *that* shall be required to be paid by each such participating employer to pay all of the liabilities ~~which~~ *that* 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 uniform for all participating employers, and shall be comprised of a rate for benefits accruing after June 30, 1993, and a rate for amortization of the additional liability for benefits provided by this act ~~which~~ *that* is attributable to service rendered before July 1, 1993. Such additional liability shall be amortized as determined by the board. The employer's rate of contribution determined under this section shall not include the costs of administration of the system.

(2) The board shall determine for each employer separately an amount sufficient to amortize all liabilities for past service costs ~~which~~ *that* shall have accrued at the time of entry into the system. On the basis of such determination the board shall annually certify to each participating employer separately an actuarially determined estimate of the rate of contribution ~~which~~ *that* shall be required to be paid by that participating employer to pay all of the liabilities for such past service costs. Such rate shall be termed the employer's prior service contribution. The board may enter into agreements with any participating employer ~~which~~ *that* has employees or retirants under the special pension systems established under K.S.A. 13-14a01 ~~to~~ *through* 13-14a14~~, inclusive, and amendments thereto~~ or ~~K.S.A.~~ 14-10a01 ~~to~~ *through* 14-10a15~~, inclusive~~, and amendments thereto, for the purpose of scheduling the payment of such past service costs in an orderly manner, which will tend to stabilize the annual total financial burden on such employers in meeting ~~their~~ *such employer's* present and future obligations under this system and such special systems, but in no event shall the annual prior service contribution be less than the interest cost on the total of such past service liability.

(3) Each participating employer shall appropriate and pay to the system a sum sufficient to satisfy the obligations 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 employer may levy annually at the time of its levy of taxes~~,~~ a tax ~~which~~ *that* 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 by cities under the authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located in such 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.

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

(6) ~~The rate of contribution certified to each participating employer as provided in~~*Each participating employer affiliating pursuant to the provisions of* this section shall ~~apply during the fiscal year of such participating employer which begins in the second calendar year following~~

~~the year of the actuarial valuation, but the rate of contribution during the first year following the employer's entry date shall be equal to 16% of the amount of compensation on which members contribute during the year~~ *appropriate and pay to the system a sum sufficient to satisfy the obligations hereunder certified by the board*.

(7) 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 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 ~~(7)~~ shall be subject to interest at the rate established for interest on judgments under ~~subsection (a) of~~ K.S.A. 16-204*(a)*, and amendments thereto. At the request of the board, delinquent payments ~~which~~ *that* 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.

(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, shall be reflected in the employer contribution rate in the fiscal year immediately following such enactment.

Sec. 3. K.S.A. 74-4915b, 74-4915c and 74-4967 and K.S.A. 2025 Supp. 74-4905 are hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the ~~statute book~~ **Kansas register**.