

STATE OF KANSAS

HOUSE OF REPRESENTATIVES

MR. CHAIRMAN:

I move to amend **House Substitute for Substitute for SB 39**, on page 4, following line 24, by inserting:

"New Sec. 3. (a) The provisions of sections 3 through 21, and amendments thereto, shall be known and may be cited as the Kansas public employees retirement system act of 2014.

(b) This act applies to any individual who is:

(1) First hired on and after January 1, 2014, by a participating employer and who would otherwise qualify for membership in the Kansas public employees retirement system, K.S.A. 74-4901 *et seq.*, and amendments thereto;

(2) any active or inactive nonvested member of the Kansas public employees retirement system on January 1, 2014, including a member of the legislature. Such active nonvested members are required to become members of the plan established under section 3, and amendments thereto, and shall make an election as provided in section 17, and amendments thereto. Such inactive nonvested members are required to become members of the plan established under section 3, and amendments thereto, and shall make an election as provided in section 17, and amendments thereto, only after reemployment in a covered position;

(3) any individual:

(A) Who was a member of the Kansas public employees retirement system prior to January 1, 2014, but was not an active or inactive member of the Kansas public employees retirement system on January 1, 2014;

(B) who is hired on or after January 1, 2014, by a participating employer; and

(C) who would otherwise qualify for membership in the Kansas public employees retirement system, K.S.A. 74-4901 *et seq.*, and amendments thereto;

(4) (A) a vested member of the legislature who filed an election pursuant to the provisions of K.S.A. 74-4992, and amendments thereto, prior to July 1, 2013;

(B) a vested member of the legislature who failed to file an election pursuant to the provisions of K.S.A. 74-4992, and amendments thereto, prior to July 1, 2013; and

(C) a member of the legislature who first serves in such position on or after July 1, 2013.

(c) This act does not apply to members of the Kansas police and firemen's retirement system, K.S.A. 74-4951 *et seq.*, and amendments thereto, and the retirement system for judges, K.S.A. 20-2601 *et seq.*, and amendments thereto.

(d) A system member may not simultaneously be a member of the pre-2014 plan and the plan established pursuant to this act. A period of service may not be credited in more than one retirement plan within the system.

(e) 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.

(f) 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.

(g) 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 74-49,201 *et seq.*, and amendments thereto, employed by a participating employer prior to January 1, 2014, unless otherwise provided in this act.

(h) 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. 4. (a) Terms that are used in this act have the meanings set forth for them in K.S.A. 74-4902, and amendments thereto, unless otherwise provided or the context otherwise requires.

(b) As used in this act, unless otherwise provided or the context otherwise requires:

(1) "Act" means the Kansas public employees retirement system act of 2014, section 1 *et seq.*, and amendments thereto;

(2) "active member" means a member who is actively employed by a participating employer;

(3) "403(b) plan" means an investment alternative offered to qualifying public school, community college employees and other eligible employees as allowed under section 403(b) of the internal revenue code. The 403(b) plan shall be comprised of tax deferred annuities described in section 403(b) of the internal revenue code, including custodial accounts described in section 403(b)(7) of the internal revenue code;

(4) "employee directed account" means the account established for a member under section 3, and amendments thereto;

(5) "employer annuity account" means the account established for a member under section 3, and amendments thereto;

(6) "member" means an individual who is required by section 1, and amendments thereto, to be a member of the plan. The term also includes any survivor or beneficiary of such member;

(7) "normal retirement age" means the attainment of age 65, except that for security officers, normal retirement age means the attainment of age 55;

(8) "plan" means the plan established within the Kansas public employees retirement system by section 3, and amendments thereto;

(9) "pre-2014 plan" means the plan established pursuant to K.S.A. 74-4901 *et seq.*, and amendments thereto, and K.S.A. 74-49,201 *et seq.*, and amendments thereto; and

(10) "system" means the Kansas public employees retirement system.

New Sec. 5. (a) The board shall establish within the Kansas public employees retirement system a plan in accordance with the provisions of this act. In addition to other options provided under such plan, for qualifying public school employees, community college employees and other eligible employees, the plan shall include all plan options as allowed under section 403(b) of the internal revenue code. For all other employees, the plan must be established as part of the pension plan pursuant to K.S.A. 74-4920, and amendments thereto, for the exclusive benefit of members and their beneficiaries, and as a qualified governmental plan pursuant to sections 401(a), 414(d), and 414(k) of the federal internal revenue code and its implementing regulations. The plan is established in addition to any retirement, pension, deferred compensation or other benefit plan currently administered by the state or a political subdivision thereof. Assets of the plan must be held in the trust for the Kansas public employees retirement system.

(b) (1) For members who are qualifying public school employees, community college employees and other eligible employees, the board shall establish separate accounts for employee contributions of each member. These separate accounts shall be administered as a defined contribution

plan as provided by section 403(b) of the federal internal revenue code and implementing regulations.

(2) For all other members, the board shall establish separate accounts for the mandatory contributions of each member. These separate accounts shall be administered in the nature of a defined contribution plan as provided by section 414(k) of the federal internal revenue code and implementing regulations.

(3) Accounts described in both subsection (b)(1) and (b)(2) shall be referred to as the employee directed accounts.

(c) The board shall establish for each member an employer annuity account, which shall be credited with employer credits as provided pursuant to section 10, and amendments thereto, and interest credits on those employer contribution credits as determined by the board under section 11, and amendments thereto. The employer annuity account shall be used to determine a lump-sum distribution or an annuity for the member upon retirement as provided in section 13, and amendments thereto.

New Sec. 6. (a) The board has the powers and shall perform the duties regarding the plan as provided in K.S.A. 74-4909, and amendments thereto, as applicable. The board may exercise the powers and shall perform the duties provided in this act.

(b) The board may contract for any aspect of plan administration and must use a competitive proposal process when contracting for consulting, educational, investment, recordkeeping or other administrative services for the plan.

New Sec. 7. (a) For participants in the 403(b) plan, up to the amount allowed by the internal revenue code, each participating employer shall make a mandatory contribution of 6% of an eligible employee's compensation to the 403(b) plan for participants in such plan. Eligible employees for the 403(b) plan may contribute an additional, discretionary contribution through payroll deductions on a pre-tax or after-tax basis. The 403(b) plan shall comply with all applicable provisions of the internal

revenue code.

(b) For all other members, up to the amount allowed by the internal revenue code, each active member shall make a mandatory contribution of 6% of the member's compensation to the member's employee directed account in the 401(a) plan. These contributions shall be picked up by the employer via a salary reduction as provided in section 414(h)(2) of the federal internal revenue code. An employer may not pick up these contributions without a corresponding salary reduction as provided in section 414(h)(2) of the federal internal revenue code. A member under this subsection may not make voluntary contributions to the plan. The 401(a) plan shall comply with all applicable provision of the internal revenue code.

(c) A member's employee directed account includes the member's mandatory contributions under this section, and the gains and losses on those contributions. The member's employee directed account is vested from the date the employee becomes a member of the plan.

New Sec. 8. (a) A wide range of investment alternatives shall be established for the employee directed accounts. For qualifying public school employees, community college employees and other eligible employees, such investment alternatives shall include, but not be limited to, investment alternatives as allowed under section 403(b) of the federal internal revenue code. For all employees, there also shall be offered an investment alternative that is similar to the investment portfolio of the Kansas public employees retirement system.

(b) The board shall from time to time review the suitability and management of investment alternatives under the employee directed accounts and may change the alternatives to be offered. The board shall notify affected members of potential changes before any changes become effective, except if the board determines there is a compelling need to change an alternative immediately.

(c) The default option for any member or beneficiary who does not have an effective

investment direction shall be the fund that is similar to the investment portfolio of KPERS.

(d) Assets within each employee directed account must be invested as directed by the member within the investment alternatives established by the board, unless the board determines there is a compelling need to remove assets from an investment alternative. In such a case, the asset will be moved to the default alternative until the member elects another investment alternative.

New Sec. 9. (a) With respect to the employee directed accounts, the board may:

(1) Assess fees on member employee directed accounts to pay the reasonable administrative costs of the accounts, which fees may be reasonable or asset based fees, or both, as determined by the board;

(2) negotiate with a vendor or vendors for vendor reimbursement of board administrative expenses for the accounts;

(3) assess fees on employers to pay reasonable administrative costs of the accounts; and

(4) assess specific fees on an individual member employee directed account to pay specific expenses attributable to that member.

(b) All fees assessed must be fully disclosed to members and treated as public information.

(c) Costs for the board to secure investment advice, recordkeeping, contract oversight, educational materials for members, performance evaluations and other appropriate information and services are included as part of the administrative expenses of the plan.

New Sec. 10. The board shall establish a rollover account for each member and shall accept the rollover of contributions and the income on those contributions from another eligible retirement plan to the member's rollover account only to the extent allowed under applicable federal law. The board shall establish policies with respect to the rollover accounts as to investments, distributions and other administrative matters.

New Sec. 11. (a) An employer credit shall be made to the member's employer annuity account at the end of each calendar quarter according to the following schedule:

- (1) One percent of compensation for each member who has up to one year of service;
  - (2) one and one-half percent of compensation for each member who has one but less than two years of service;
  - (3) two percent of compensation for each member who has two but less than three years of service;
  - (4) two and one-half percent of compensation for each member who has three but less than four years of service;
  - (5) three percent of compensation for each member who has four but less than five years of service;
  - (6) three and one-half percent of compensation for each member who has five but less than six years of service;
  - (7) four percent of compensation for each member who has six but less than seven years of service;
  - (8) four and one-half percent of compensation for each member who has seven but less than eight years of service; and
  - (9) five percent of compensation for each member who has eight or more years of service.
- (b) An active member's employer shall contribute a percentage of compensation, determined by the board, which must be allocated to the death and long-term disability plan under K.S.A. 74-4927, and amendments thereto.
- (c) Any credited service accrued by a member under the provisions of the pre-2014 plan shall be credited for the purpose of computing such member's years of service under this section.



New Sec. 12. (a) A member's employer annuity account is the sum of all employer credits to the account plus the interest credits on the account, which shall be determined at the end of each year. The interest credits shall be determined under section 11, and amendments thereto.

(b) If the member's employer annuity account is not vested upon the member's termination of plan membership, as provided in section 13, and amendments thereto, the employer credits and interest credits are forfeited as provided in section 13, and amendments thereto. If the member's employer annuity account is vested upon the member's termination of plan membership, as provided in section 13, and amendments thereto, but the member dies prior to attaining normal retirement age without a spouse eligible for the employer annuity account under section 13, and amendments thereto, the employer credits and interest credits are forfeited. Forfeitures may not be used to increase a member's account, but instead will be used to pay administrative expenses of the accounts or to reduce employer contributions.

New Sec. 13. At the end of each calendar year, the board shall credit each employer annuity account with a zero percent interest credit. At the end of each calendar year, the board shall also credit each employer annuity account with a supplemental interest credit rate, which will equal the net investment return on the KPERS portfolio, which may be negative or positive, in that particular calendar year. If the member retires in the middle of a calendar year, the board shall credit that member's employer annuity account with a supplemental interest credit rate that equals the net investment return on the KPERS portfolio, which may be negative or positive, for that portion of that calendar year. For the purposes of determining the member's annuity benefit amount pursuant to section 13, and amendments thereto, a member's employer annuity account shall not be less than the total amount of employer credits to the account.

New Sec. 14. (a) Any time after termination of service or death, a member or the member's

beneficiary may file a written application with the board and take a distribution of the member's employee directed account from the plan through any combination of the following payout options, each of which is subject to the applicable provisions of the federal internal revenue code and the applicable regulations of the internal revenue service:

- (1) A direct rollover to an eligible retirement plan;
- (2) a lump-sum distribution; or
- (3) an optional form of periodic distribution offered by the board by official action.

(b) The board by official action may specify minimum account balances for purposes of allowing benefit payment options and rollovers in accordance with federal law.

New Sec. 15. (a) A member is vested, but subject to forfeiture, in the member's employer annuity account upon completion of five years of service. A member's benefit is nonforfeitable upon the attainment of normal retirement age and the completion of at least five years of service, whichever is later.

(b) Except as provided in subsection (d), a member who has a nonforfeitable interest in the member's employer annuity account, at any time after termination from service and the attainment of normal retirement age, shall receive an annuity that may be provided by employer credits and income credits in the employer annuity account, using factors established by the board by official action as of the member's annuity start date, and based on the pension benefits guaranty corporation distress termination interest rates. The normal form of benefit shall be a single life annuity with five-year certain. The member may elect any joint and survivor option described in K.S.A. 74-4918, and amendments thereto.

(c) Except as provided in subsection (d), in the case of an active or inactive member:

- (1) Who is vested in the member's employer annuity account;

(2) who has 10 or more years of service at death; and

(3) who dies before attaining normal retirement age, with their spouse at time of death designated as their sole primary beneficiary, the member's surviving spouse on and after the date the member would have attained normal retirement age had they not died, shall receive an annuity that may be provided by employer credits and income credits in the employer annuity account, using factors established by the board by official action as of the beneficiary's annuity start date and taking into consideration the pension benefit guaranty corporation distress termination interest rates. The normal form of benefit shall be a single life annuity with five-year certain. The beneficiary may elect any joint and survivor option as described in K.S.A. 74-4918, and amendments thereto.

(d) If a member's vested employer annuity account is less than \$1,000 upon separation from service, the account balance shall be mandatorily distributed to the member in accordance with section 401(a)(31)(B) of the federal internal revenue code. If the member does not elect to have such distribution paid directly to an eligible retirement plan specified by the participant in a direct rollover or to receive the distribution directly, then the board will pay the distribution to the member directly.

New Sec. 16. A member's beneficiary must be determined as provided in the pre-2014 plan regulations. Upon filing a written application with the board after the death of a member, the member's beneficiary is entitled to the member's employee directed account.

New Sec. 17. (a) Members of the retirement system under the Kansas public employees retirement system act of 2014 shall be covered in the death and disability plan in accordance with K.S.A. 74-4927, and amendments thereto, but subject to the provisions of this section.

(b) (1) In the event that a member becomes eligible for and begins receiving a long-term disability benefit under the plan, such member shall be given participating service credit for the entire period of such disability. Such member's employer annuity account shall be credited with the amount of

credits and interest prescribed in this act for the entire period of such disability.

(2) The salary upon which credits to such member's employer annuity account are based shall be the employee's salary at the time of disability, which shall be adjusted once each year on January 1, but only after 5 years of disability, by the lesser of: (A) The percentage increase in the consumer price index for all urban consumers as published by the bureau of labor statistics of the United States department of labor measured in the prior November, minus 1%; or

(B) 4% per annum.

(3) All credits to the employer annuity account shall cease upon the earliest of: (A) Death; (B) attainment of normal retirement age; or (C) the date the member is no longer entitled to receive disability benefits pursuant to law.

New Sec. 18. The provisions of K.S.A. 74-49,122, 74-49,123 and 74-49,124, and amendments thereto, apply to this act, except the definitions of "actuarial equivalent" and "actuarial computation" are not applicable to this act.

New Sec. 19. (a) The election provisions of this section and any related provisions shall not be implemented until the board of trustees of the Kansas public employees retirement system has obtained approval for the election and related provisions specified in this section from the federal internal revenue service. The election provisions of this section and any related provisions are severable from the remainder of this act and shall be repealed if the federal internal revenue service refuses to grant such approval or issues an adverse decision.

(b) Except as otherwise provided in this act, a nonvested member of the system under the provisions of K.S.A. 74-4901 *et seq.*, and 74-49,201 *et seq.*, and amendments thereto, on July 1, 2013, shall elect to transfer such member's employee contributions and interest earnings credited thereon to an: (1) Employee directed account; or (2) employer annuity account. As part of this election, a member

may designate all or part of such member's employee contributions and interest earnings to be allocated to each account. Members shall make such election within a 90-day period established by the board. Elections made pursuant to this section shall be made on a form and in a manner prescribed by the board. An election under this section, including the provisions of subsection (c), is a one-time irrevocable election.

(c) If a member fails to make an election pursuant to this section or if the federal internal revenue service refuses to grant approval of such election or issues an adverse decision, such member's employee contributions and interest earnings shall be transferred to an employee directed account.

New Sec. 20. (a) Any member of the legislature who has earned a vested retirement benefit under the provisions of K.S.A. 74-4901 *et seq.*, and amendments thereto, or K.S.A. 74-49,201 *et seq.*, and amendments thereto, shall have the present value of such vested retirement benefit, including all employee and employer contributions, earned before January 1, 2014, converted to a lump-sum amount and shall have such lump-sum amount transferred to the employer annuity account of such member.

(b) On and after January 1, 2014, any benefit earned or accrued by a member of the legislature under the provisions of this act shall be calculated based only upon all compensation received: (1) As per diem compensation for service during a regular or special session of the legislature pursuant to subsection (a) of K.S.A. 46-137a, and amendments thereto; (2) as per diem compensation for attendance at in-state or out-of-state meetings pursuant to K.S.A. 75-3212, 75-3215, or 75-3223, in the amount prescribed under subsection (a) of K.S.A. 46-137a, and amendments thereto; (3) as additional compensation for legislative officers as provided in K.S.A. 46-137b, and amendments thereto; and (4) as any other additional compensation provided by law, excluding any allowances or reimbursements for any expenses incurred.

New Sec. 21. The provisions of sections 3 through 18 and section 20 and 21 shall be effective

on and after January 1, 2014.

Sec. 22. K.S.A. 2011 Supp. 74-4914d is hereby amended to read as follows: 74-4914d. Any additional cost resulting from the normal retirement date and retirement before such normal retirement date for security officers as provided in K.S.A. 74-4914c, and amendments thereto, and disability benefits as provided in K.S.A. 74-4914e, and amendments thereto, shall be added to the employer rate of contribution for the department of corrections as otherwise determined under K.S.A. 74-4920, and amendments thereto, ~~except that the employer rate of contribution for the department of corrections including any such additional cost added to such employer rate of contribution pursuant to this section shall in no event exceed the employer rate of contribution for the department of corrections for the immediately preceding fiscal year by more than the following amounts expressed as a percentage of compensation upon which security officers contribute during the period: (a) 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 (b) 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.~~

Sec. 23. K.S.A. 2011 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 certified 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)(ii) There shall be a combined employer rate of contribution certified to the state of Kansas and 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)(iii) 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 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, and amendments thereto, 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, and amendments thereto, 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 K.S.A. 2011 Supp. 74-49,114b, 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 K.S.A. 2011 Supp. 74-49,114b, 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 cost of the postretirement benefit payment provided pursuant to the provisions of K.S.A. 2011 Supp. 74-49,114c, and amendments thereto, for retirants other than local retirants as described in subsection (13) or insured disability benefit recipients shall be paid in the fiscal year commencing on July 1, 2008.

(13) The actuarial accrued liability incurred for the provisions of K.S.A. 2011 Supp. 74-49,114c, 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.

(14) 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.

(15) 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.

(16) 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.

(17) 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.

New Sec. 24. Any purchase of service credit which was commenced prior to July 1, 2013, is not subject to the provisions of this act.";

On page 4, in line 25, by striking "K.S.A. 2011 Supp. 75-6609 is hereby repealed." and inserting "K.S.A. 74-4919a, 74-4919g, 74-4919i, 74-4919k, 74-4919n, 74-4919p, 74-4919q, 74-4919r and 74-4919s and K.S.A. 2010 Supp. 74-4919d, as amended by section 1 of chapter 98 of the 2011 Session Laws of Kansas and 74-4920, as amended by section 4 of chapter 98 of the 2011 Session Laws of Kansas and K.S.A. 2011 Supp. 74-4914d, 74-4919h, 74-4919j, 74-4919l, 74-4919m, 74-4919o, 74-4919u, 74-4919v, 74-4920 and 75-6609 are hereby repealed.";

And by renumbering sections accordingly;

On page 1, in the title, in line 1, by striking "real estate" and inserting "state government"; in line 2, after "land;" by inserting "enacting the Kansas public employees retirement system act of 2014; providing terms, conditions, benefits and requirements related thereto for certain new members and existing members; relating to benefits and contributions; election for certain existing members; elimination of cap on increase in employer contributions and service credit purchases;"; in line 2, after "Supp." by inserting "74-4914d, 74-4920 and"; also in line 3, by striking "section" and inserting

"sections"; in line 3, after the second "repealing" by inserting "K.S.A. 74-4919a, 74-4919g, 74-4919i, 74-4919k, 74-4919n, 74-4919p, 74-4919q, 74-4919r and 74-4919s and"; in line 4, by striking "2011" and inserting "2010"; also in line 4, after "Supp." by inserting "74-4914d, as amended by section 1 of chapter 98 of the 2011 Session Laws of Kansas and 74-4920, as amended by section 4 of chapter 98 of the 2011 Session Laws of Kansas and K.S.A. 2011 Supp. 74-4919h, 74-4919j, 74-4919l, 74-4919m, 74-4919o, 74-4919u, 74-4919v and"

---

\_\_\_\_\_ District.