

## HOUSE BILL No. 2460

By Joint Committee on Pensions, Investments and Benefits

1-17

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1 AN ACT concerning retirement and benefits; relating to the Kansas public  
2 employees retirement system and systems thereunder; employer  
3 affiliation, participation by certain employees and contribution rate;  
4 amending K.S.A. 74-4910 and K.S.A. 2011 Supp. 74-4920 and  
5 repealing the existing sections.  
6

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

8 Section 1. K.S.A. 74-4910 is hereby amended to read as follows: 74-  
9 4910. (1) An eligible employer may join the system on January 1 of any  
10 year. Application for affiliation shall be in the form of a resolution  
11 approved by the governing or legislative body of the eligible employer or  
12 by any other body or officer authorized by law or recognized by the board  
13 to approve the action. *Such application may be for participation with*  
14 *regard to: (a) All employees who are employed by the participating*  
15 *employer on or after the employer's entry date; (b) all employees*  
16 *employed by the participating employer immediately prior to and on the*  
17 *employer's entry date; or (c) all individuals which are referred to in*  
18 *subsections (1)(a) and (1)(b). The application shall include a statement of*  
19 *the group or groups to be covered. Any such application, upon approval by*  
20 *the board of trustees, shall be irrevocable, except that extension of*  
21 *coverage to any of the employee groups referred to in subsections (1)(a) or*  
22 *(1)(b) not covered in the employer's initial application may be obtained by*  
23 *supplemental application to the board, in such form as may be provided by*  
24 *the board, with such coverage to be effective on January 1 of any*  
25 *succeeding year. No city or township shall become a participating*  
26 *employer except by the adoption of a resolution therefor, which shall be*  
27 *published once in the official city or township newspaper or, if there is*  
28 *none, in a newspaper of general circulation in the city or county. No such*  
29 *resolution shall take effect until 60 days after its final publication. If*  
30 *within 60 days of its final publication a petition signed by electors equal in*  
31 *number to not less than 10% of the electors who voted at the last preceding*  
32 *regular election in the township, in the case of townships, the last regular*  
33 *city election in the city, in the case of cities is filed in the office of the*  
34 *clerk of such city, or township demanding that such resolution be*  
35 *submitted to a vote of the electors, the resolution shall not take effect until*  
36 *submitted to a referendum and approved by a majority of the electors*

1 voting thereon. A  $\frac{2}{3}$  vote of the members-elect of the governing body shall  
2 be necessary for the affiliation of any eligible employer other than a city or  
3 township. An application for affiliation with the system shall be filed with  
4 the board not later than 30 days prior to the date participation is to begin,  
5 except as such time limit may be extended by the board. Upon the filing of  
6 a certified copy of such resolutions with the board an election pursuant to  
7 this section shall be irrevocable, and the employer shall become a  
8 participating employer on January 1 of the year immediately following the  
9 filing of such election with the board.

10 (2) The state of Kansas in its capacity as an eligible employer, shall  
11 become, by operation of law, a participating employer on the first entry  
12 date. The Kansas turnpike authority shall not become a participating  
13 employer nor shall its officers or employees be covered by the retirement  
14 system until such time as its governing body by a  $\frac{2}{3}$  vote of the members  
15 of such governing body adopts a resolution for affiliation and files the  
16 same in the same manner and on the same conditions as in the case of an  
17 eligible employer other than a city or township.

18 (3) If a participating employer is paying or has paid the salary or  
19 other compensation of the judge, clerk or any other employee, whether  
20 elective or appointive, such judge, clerk or other employee of such court or  
21 courts, whether elective or appointive, shall be deemed an employee of the  
22 participating employer. Such employee shall be governed by the  
23 provisions governing other eligible employees of such participating  
24 employer. Any participating employer which has not heretofore included  
25 such employees as eligible employees under the retirement system shall on  
26 the first day of the month coinciding with or following the effective date of  
27 this act include such employees if otherwise eligible as eligible employees  
28 under the retirement system. Such employees, whether elective or  
29 appointive, if employed on the employer's entry date may elect to pay  
30 ~~forthwith~~ the employee contributions from the employer's entry date and  
31 thereby be governed by the provisions governing other employees  
32 employed by the participating employer on entry date except that no such  
33 employee shall be considered to be *a new employees employee* on the  
34 first day of the month coinciding with or following the effective date of  
35 this act and commence making employee contributions in compliance with  
36 other provisions governing the retirement system and the participating  
37 employer shall make the employer contributions in accordance with the  
38 alternative elected by the employee and other provisions governing the  
39 retirement system.

40 (4) Any employer whose employees are covered by social security  
41 and who otherwise do not meet the provisions of subsection (13) of K.S.A.  
42 74-4902, and amendments thereto, may elect to affiliate under this section  
43 upon meeting the definition of a governmental entity or instrumentality as

1 determined by the system. If, subsequent to such determination, the  
2 United States internal revenue service determines that such employer does  
3 not meet the definition of a governmental entity or instrumentality, such  
4 affiliation shall be null and void and all employee accrued rights  
5 associated with such affiliation shall be null and void and the system shall  
6 refund such amounts presently credited to each employee's account and an  
7 equivalent amount to the employer for each employee. The provisions of  
8 this subsection shall apply to current and future participating employers.

9 (5) For affiliations on and after January 1, 1999, any eligible  
10 employer, prior to the filing of an application for affiliation under this  
11 system, shall request the board of trustees to submit a proposal for such  
12 affiliation including an estimate of the employer's contribution rate  
13 necessary to comply with the actuarial standard of this system. Such  
14 eligible employer shall furnish all necessary data from which such  
15 proposal is prepared, and shall pay all costs involved.

16 Sec. 2. K.S.A. 2011 Supp. 74-4920 is hereby amended to read as  
17 follows: 74-4920. (1) (a) Upon the basis of each annual actuarial valuation  
18 and appraisal as provided for in subsection (3)(a) of K.S.A. 74-4908, and  
19 amendments thereto, the board shall certify, on or before July 15 of each  
20 year, to the division of the budget in the case of the state and to the agent  
21 for each other participating employer an actuarially determined estimate of  
22 the rate of contribution which will be required, together with all  
23 accumulated contributions and other assets of the system, to be paid by  
24 each such participating employer to pay all liabilities which shall exist or  
25 accrue under the system, including amortization of the actuarial accrued  
26 liability as determined by the board. The board shall determine the  
27 actuarial cost method to be used in annual actuarial valuations, to  
28 determine the employer contribution rates that shall be certified by the  
29 board. Such certified rate of contribution, amortization methods and  
30 periods and actuarial cost method shall be based on the standards set forth  
31 in subsection (3)(a) of K.S.A. 74-4908, and amendments thereto, and shall  
32 not be based on any other purpose outside of the needs of the system.

33 (b) (i) For employers affiliating on and after January 1, 1999, upon  
34 the basis of an annual actuarial valuation and appraisal of the system  
35 conducted in the manner provided for in K.S.A. 74-4908, and amendments  
36 thereto, the board shall certify, on or before July 15 of each year to each  
37 such employer an actuarially determined estimate of the rate of  
38 contribution which shall be required to be paid by each such employer to  
39 pay all of the liabilities which shall accrue under the system from and after  
40 the entry date as determined by the board, upon recommendation of the  
41 actuary. Such rate shall be termed the employer's participating service  
42 contribution and shall be uniform for all participating employers. Such  
43 additional liability shall be amortized as determined by the board. For all

1 participating employers described in this section, the board shall determine  
2 the actuarial cost method to be used in annual actuarial valuations to  
3 determine the employer contribution rates that shall be certified by the  
4 board.

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

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

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

21 (4) Each participating employer is hereby authorized to pay the  
22 employer's contribution from the same fund that the compensation for  
23 which such contribution is made is paid from or from any other funds  
24 available to it for such purpose. Each political subdivision, other than an  
25 instrumentality of the state, which is by law authorized to levy taxes for  
26 other purposes, may levy annually at the time of its levy of taxes, a tax  
27 which may be in addition to all other taxes authorized by law for the  
28 purpose of making its contributions under this act and, in the case of cities  
29 and counties, to pay a portion of the principal and interest on bonds issued  
30 under the authority of K.S.A. 12-1774, and amendments thereto, by cities  
31 located in the county, which tax, together with any other fund available,  
32 shall be sufficient to enable it to make such contribution. In lieu of levying  
33 the tax authorized in this subsection, any taxing subdivision may pay such  
34 costs from any employee benefits contribution fund established pursuant to  
35 K.S.A. 12-16,102, and amendments thereto. Each participating employer  
36 which is not by law authorized to levy taxes as described above, but which  
37 prepares a budget for its expenses for the ensuing year and presents the  
38 same to a governing body which is authorized by law to levy taxes as  
39 described above, may include in its budget an amount sufficient to make  
40 its contributions under this act which may be in addition to all other taxes  
41 authorized by law. Such governing body to which the budget is submitted  
42 for approval, may levy a tax sufficient to allow the participating employer  
43 to make its contributions under this act, which tax, together with any other

1 fund available, shall be sufficient to enable the participating employer to  
2 make the contributions required by this act.

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

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

13 (ii) Except as specifically provided in this subsection, for the fiscal  
14 years commencing in the following calendar years, the rate of contribution  
15 certified to the state of Kansas and to the participating employers under  
16 K.S.A. 74-4931, and amendments thereto, shall in no event exceed the  
17 state's contribution rate for the immediately preceding fiscal year by more  
18 than the following amounts expressed as a percentage of compensation  
19 upon which members contribute during the period: (A) For the fiscal year  
20 commencing in calendar year 2005, an amount not to exceed more than  
21 0.4% of the amount of the immediately preceding fiscal year; (B) for the  
22 fiscal year commencing in calendar year 2006, an amount not to exceed  
23 more than 0.5% of the amount of the immediately preceding fiscal year;  
24 and (C) for the fiscal year commencing in calendar year 2007 and in each  
25 subsequent calendar year, an amount not to exceed more than 0.6% of the  
26 amount of the immediately preceding fiscal year.

27 (iii) Except as specifically provided in this section, for fiscal years  
28 commencing in calendar year 1997 and in each subsequent calendar year,  
29 the rate of contribution certified to participating employers other than the  
30 state of Kansas shall in no event exceed such participating employer's  
31 contribution rate for the immediately preceding fiscal year by more than  
32 0.15% of the amount of compensation upon which members contribute  
33 during the period.

34 (iv) Except as specifically provided in this subsection, for the fiscal  
35 years commencing in the following calendar years, the rate of contribution  
36 certified to participating employers other than the state of Kansas shall in  
37 no event exceed the contribution rate for such employers for the  
38 immediately preceding fiscal year by more than the following amounts  
39 expressed as a percentage of compensation upon which members  
40 contribute during the period: (A) For the fiscal year commencing in  
41 calendar year 2006, an amount not to exceed more than 0.4% of the  
42 amount of the immediately preceding fiscal year; (B) for the fiscal year  
43 commencing in calendar year 2007, an amount not to exceed more than

1 0.5% of the amount of the immediately preceding fiscal year; and (C) for  
2 the fiscal year commencing in calendar year 2008 and in each subsequent  
3 calendar year, an amount not to exceed more than 0.6% of the amount of  
4 the immediately preceding fiscal year.

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

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

16 (vii) If the combined employer rate of contribution calculated for the  
17 state of Kansas and participating employers under K.S.A. 74-4931, and  
18 amendments thereto, is greater than the separate employer rate of  
19 contribution for the state of Kansas, the difference in the two rates applied  
20 to the actual payroll of the state of Kansas for the applicable fiscal year  
21 shall be calculated. This amount shall be certified by the board for deposit  
22 as additional employer contributions to the retirement benefit  
23 accumulation reserve for the participating employers under K.S.A. 74-  
24 4931, and amendments thereto.

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

28 (7) The actuarial cost of the provisions of K.S.A. 74-4950i, *and*  
29 *amendments thereto*, will be included in the June 30, 1998, actuarial  
30 valuation in determining contribution rates for participating employers.  
31 The actuarial accrued liability incurred for the provisions of K.S.A. 74-  
32 4950i, *and amendments thereto*, shall be amortized over 15 years.

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

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

1 (10) The cost of the postretirement benefit payment provided  
2 pursuant to the provisions of K.S.A. 2011 Supp. 74-49,114b, and  
3 amendments thereto, for retirants other than local retirants as described in  
4 subsection (11) or insured disability benefit recipients shall be paid in the  
5 fiscal year commencing on July 1, 2007.

6 (11) The actuarial accrued liability incurred for the provisions of  
7 K.S.A. 2011 Supp. 74-49,114b, and amendments thereto, for the KPERS  
8 local group and retirants who were employees of local employers which  
9 affiliated with the Kansas police and firemen's retirement system shall be  
10 amortized over 10 years.

11 (12) The cost of the postretirement benefit payment provided  
12 pursuant to the provisions of K.S.A. 2011 Supp. 74-49,114c, and  
13 amendments thereto, for retirants other than local retirants as described in  
14 subsection (13) or insured disability benefit recipients shall be paid in the  
15 fiscal year commencing on July 1, 2008.

16 (13) The actuarial accrued liability incurred for the provisions of  
17 K.S.A. 2011 Supp. 74-49,114c, and amendments thereto, for the KPERS  
18 local group and retirants who were employees of local employers which  
19 affiliated with the Kansas police and firemen's retirement system shall be  
20 amortized over 10 years.

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

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

35 ~~(16) (15)~~ Employer contributions shall in no way be limited by any  
36 other act which now or in the future establishes or limits the compensation  
37 of any member.

38 ~~(17) (16)~~ Notwithstanding any provision of law to the contrary, each  
39 participating employer shall remit quarterly, or as the board may otherwise  
40 provide, all employee deductions and required employer contributions to  
41 the executive director for credit to the Kansas public employees retirement  
42 fund within three days after the end of the period covered by the  
43 remittance by electronic funds transfer. Remittances of such deductions

1 and contributions received after such date are delinquent. Delinquent  
2 payments due under this subsection shall be subject to interest at the rate  
3 established for interest on judgments under subsection (a) of K.S.A. 16-  
4 204, and amendments thereto. At the request of the board, delinquent  
5 payments which are due or interest owed on such payments, or both, may  
6 be deducted from any other moneys payable to such employer by any  
7 department or agency of the state.

8 Sec. 3. K.S.A. 74-4910 and K.S.A. 2011 Supp. 74-4920 are hereby  
9 repealed.

10 Sec. 4. This act shall take effect and be in force from and after its  
11 publication in the statute book.

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