

SESSION OF 2012

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2460

As Amended by House Committee on Pensions
and Benefits

Brief*

HB 2460, as amended, would made a series of six technical amendments to the Kansas Public Employees Retirement System (KPERs) statutes required to maintain compliance with the Internal Revenue Service requirements for public pension plans. The six changes would:

- Permit an additional option for public employers to affiliate for future service only;
- Delete a requirement that sets out a fixed 7.0 percent contribution rate for first-year employers since all actuarial rates will be higher than this rate for all KPERs plans;
- Add a reference to "good faith interpretation" in accordance with new federal regulations for required minimum distributions in KSA 74-49,123;
- Update KSA 74-49,123 with a reference to the Heroes Earnings Assistance Recovery Act of 2008;
- Clarify a definition in KSA 74-49,123 regarding the "eligible rollover distribution" definition; and
- Update KSA 74-49,123 to included a reference to "Final 415 Regulations" as required for compliance with the Internal Revenue Code.

*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.kslegislature.org>

Background

The technical amendments were requested by the KPERS Board of Trustees and the initial bill was introduced by the Joint Committee on Pensions, Investments and Benefits with two of the six changes in the original language.

A KPERS representative and a member of the KPERS Board of Trustees testified in support of the original bill and asked for four additional technical amendments to be added in order to modify the KPERS guidepost section in KSA 74-49,123. Testimony indicated that the six changes were essential to KPERS obtaining an Internal Revenue Service Determination Letter confirming the plan's compliance with the Internal Revenue Code.

There is a no cost fiscal note for making the changes and maintaining the tax exempt status of the KPERS plan.