

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

The Committee on **Pensions and Benefits** recommends **HB 2489** be amended on page 5, in line 22, by striking all after "(A)"; by striking all in line 23; in line 24, by striking all before "The";

On page 7, in line 10, by striking all after the period; by striking all in line 11; in line 12, by striking all before "Effective"; in line 24, by striking all after the period; by striking all in line 25; in line 26, by striking all before "Effective";

On page 12, following line 20, by inserting:

"Sec. 4. K.S.A. 2015 Supp. 74-49b10 is hereby amended to read as follows: 74-49b10.
(a) The board is authorized to enter into a voluntary participation agreement with any employee of the state whereby a portion of the employee's salary or compensation from the state shall be deferred and deducted each payroll period in accordance with subsection (b) and the Kansas public employees deferred compensation plan. Such participation agreement may require each participant to pay a service charge to defray all or part of any significant costs incurred and to be recovered by the state pursuant to ~~subsection (e)~~ of K.S.A. 2015 Supp. 74-49b09(c), and amendments thereto, as a result of the administration of this act.

(b) Pursuant to this act and such participation agreements, the director of accounts and reports, as a part of the system of regular payroll deductions and using funds either appropriated or otherwise available for such purpose, shall establish a system for the following purposes: (1) To defer each payroll period the amounts authorized in such participation agreements from the salary or compensation of each employee who has entered into a participation agreement; and

(2) to remit these moneys in accordance with the Kansas public employees deferred compensation plan.

(c) (1) Pursuant to section 401(a) of the federal internal revenue code, the board may establish a qualified plan under which the state may contribute a specified amount, subject to appropriations, to the deferred compensation plan for state employees who have entered into a voluntary participation agreement with the board under this section.

(2) Any state agency that has on its payroll persons participating in any qualified plan established under subsection (c)(1), shall pay from any moneys available to the state agency for such purpose an amount specified in the qualified plan, subject to appropriations for that purpose.

(d) The Kansas public employees deferred compensation plan shall exist and be in addition to, and shall not be a part of any retirement or pension system for employees. The state shall not be responsible for any loss incurred by any participant under the Kansas public employees deferred compensation plan established and approved pursuant to this act.

(e) Notwithstanding the provisions of K.S.A. 74-4909(10), and amendments thereto, for those employees who entered into a voluntary participation agreement pursuant to the provisions of this section or K.S.A. 2015 Supp. 74-49b15, and amendments thereto, and who are also members of a retirement system administered by the board, the board may share information from the participants' retirement or pension system accounts with a contracting party pursuant to the provisions of K.S.A. 2015 Supp. 74-49b09, and amendments thereto, for the purpose of facilitating the participants' comprehensive retirement income planning.

(f) Any amount of the employee's salary or compensation that is deferred on a pre-tax basis under such an authorized participation agreement shall continue to be included as regular compensation for all purposes of computing retirement and pension benefits earned by any such employee, but Any sum so deferred or deducted shall not be subject to ~~any state or local~~ income taxes for the year in which

such sum is ~~earned~~ contributed but shall be subject to applicable state ~~and local~~ income taxes for the year in which ~~such sum is~~ distributions are received by the employee. Any amounts contributed to a Roth 457 plan under this act shall be subject to state withholding and income taxes for the year in which such sum is contributed to the plan, but shall not be subject to applicable state income taxes for the year in which distributions are received by the employee, unless the provisions of article 32 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, provide otherwise.

~~(f)~~ (g) A deferred compensation clearing fund shall be established in the state treasury in which all compensation deferred, deducted or contributed in accordance with this act and as provided for in each participation agreement shall be temporarily placed.

Sec. 5. K.S.A. 2015 Supp. 74-49b14 is hereby amended to read as follows: 74-49b14. (a) The board may enter into an agreement with any local government of the state of Kansas making the services under contracts entered into by the board under ~~subsection (b)~~ of K.S.A. 2015 Supp. 74-49b09(b), and amendments thereto, available to the local government, subject to the terms and conditions of those contracts and the agreement entered into between the board and the local governmental unit, if the local governmental unit meets all of the following conditions: (1) The local governmental unit meets the definition of eligible employer as defined in K.S.A. 74-4902, and amendments thereto;

(2) the governing body of the local governmental unit has enacted an ordinance or resolution adopting the terms of the deferred compensation plan for state employees established under K.S.A. 2015 Supp. 74-49b09, and amendments thereto, as the local government deferred compensation plan for the employees of that local governmental unit; and

(3) the governing body certified that the local governmental unit will make such local government deferred compensation plan available to its employees and will administer it in accordance with the provisions of this act, section 457 of the federal internal revenue code of 1986, and

amendments thereto, and the deferred compensation plan established by the board under K.S.A. 2015 Supp. 74-49b09, and amendments thereto.

(b) Pursuant to section 401(a) of the federal internal revenue code, and subject to the provisions of K.S.A. 2015 Supp. 74-49b10, and amendments thereto, the board may establish a qualified plan under which local governmental units participating in the deferred compensation plan may contribute a specified amount to such plan.

(c) Except for such agreement, the board or any other state officer or employee shall not be involved nor incur any expense in the administration of a plan adopted by a local governmental unit under subsection (a) or (b), except to the extent that such costs are reimbursed under one or both of the methods identified in subsection (e) of K.S.A. 2015 Supp. 74-49b09(c), and amendments thereto.

(e)-(d) The state shall not be responsible for any loss incurred by or obligation of any local governmental unit participant under a local government deferred compensation plan established as provided pursuant to subsection (a) or (b).

Sec. 6. K.S.A. 2015 Supp. 74-49b15 is hereby amended to read as follows: 74-49b15. (a) Subject to the agreement entered into under the provisions of K.S.A. 2015 Supp. 74-49b14, and amendments thereto, the governing body of a local government unit may establish such conditions as the governing body deems advisable to govern the voluntary participation of its employees in the local government deferred compensation plan established by the local governmental unit under the provisions of K.S.A. 2015 Supp. 74-49b14, and amendments thereto.

(b) Any amount of an employee's salary or compensation that is deferred on a pre-tax basis under ~~such plan~~ an authorized participation agreement shall continue to be included as regular compensation for all purposes of computing retirement and pension benefits earned by such employee; ~~but~~ Any sum so deferred or deducted shall not be subject to ~~any state or local~~ income tax for the year in which such sum is ~~earned~~ contributed but shall be subject to applicable state ~~and local~~ income taxes

for the year in which ~~such sum is~~ distributions are received by the employee. Any amounts contributed to a Roth 457 plan under this act shall be subject to state withholding and income taxes for the year in which such sum is contributed to the plan, but shall not be subject to applicable state income taxes for the year in which distributions are received by the employee, unless the provisions of article 32 of chapter 79 of the Kansas Statutes Annotated, and amendments thereto, provide otherwise.";

Also on page 12, in line 21, by striking the second "and" and inserting a comma; in line 22, after "49,313" by inserting ", 74-49b10, 74-49b14 and 74-49b15";

And by renumbering sections accordingly;

On page 1, in the title, in line 1, after "concerning" by inserting "retirement; relating to"; in line 2, by striking all before "death"; in line 4, after "rate;" by inserting "Kansas public employees deferred compensation act; sharing of account information; tax treatment; local governmental unit plan option;"; in line 5, by striking the second "and" and inserting a comma; in line 6, after "49,313" by inserting ", 74-49b10, 74-49b14 and 74-49b15"; and the bill be passed as amended.

_____Chairperson