

February 2, 2016

The Honorable Steven Johnson, Chairperson
House Committee on Pensions and Benefits
Statehouse, Room 286-N
Topeka, Kansas 66612

Dear Representative Johnson:

SUBJECT: Fiscal Note for HB 2541 by House Committee on Pensions and Benefits

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2541 is respectfully submitted to your committee.

HB 2541 would add a provision to address the applicability of state taxes to Roth 457 contributions. The Roth 457 plan is not yet an option for members, but current law permits the Kansas Public Employees Retirement System (KPERS) to establish the Roth option as a component of the existing KPERS 457 deferred compensation plan.

The bill would authorize the creation of a 401(a) plan for local employers. It would also permit KPERS to share member data with a contracted party authorized to provide investment or administrative services related to the KPERS 457 deferred compensation plan.

KPERS currently funds KPERS 457 expenses from a 0.04 percent asset charge on KPERS 457 accounts. KPERS expects that this charge would be extended to Roth accounts to offset any expenses related to the Roth 457 plan. KPERS also anticipates a similar 0.04 percent asset charge would be established on the assets of 401(a) plan accounts to offset any potential KPERS administrative expenses. KPERS estimates the costs for sharing of KPERS member data with the KPERS 457 plan contracted service provider would be negligible and absorbed within current expenses.

According to the Department of Revenue, passage of HB 2451 would not have a fiscal effect on State General Fund revenues. Any fiscal effect associated with HB 2541 is not reflected in *The FY 2017 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Faith Loretto, KPERS