

KANSAS OFFICE of  
**REVISOR of STATUTES**

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300 SW TENTH AVENUE ■ SUITE 24-E ■ TOPEKA, KS 66612 ■ (785) 296-2321

**MEMORANDUM**

To: Chairman Longbine and Members of the Joint Committee on Pensions, Investments and Benefits.

From: Office of Revisor of Statutes

Date: December 2, 2022

Subject: **KPERS Legislation Introduced and Considered During the 2022 Session.**

**2022 KPERS Bills Enacted into Law**

**HB 2481 – Authorizing KP&F participating service credit purchase for certain in-state nonfederal governmental employment.**

The bill authorized on and after July 1, 2022, any member of the Kansas police and firemen's retirement system (KP&F) who was previously employed in in-state nonfederal governmental employment to purchase KP&F service credit for such in-state nonfederal government employment.

A KP&F member shall submit proof of such in-state nonfederal governmental employment to the retirement system in manner that is acceptable to the board. The member shall either elect in writing to have additional employee contributions deducted from the member's compensation until all quarters of such service have been purchased or the member may effectuate such purchase by means of a single lump-sum payment.

Members of KPERS are authorized to purchase service for in-state nonfederal governmental employment under K.S.A. 74-4919r.

*The House on final action passed HB 2481 by a vote of 121-0 on 2/23/22. The Senate on final action passed the bill by a vote of 39-0 on 3/23/22 and the Governor approved the bill on 4/7/22.*

**SB 450 – Sub for SB 450 by Committee on Financial Institutions and Insurance: Eliminating the crediting to the Kansas public employees retirement fund of 80% of the proceeds from the sale of surplus real estate, authorizing state educational institutions to sell and convey real property given to such state educational institutions as an endowment, bequest or gift and authorizing the state board of regents to adopt policies relating to such sale and conveyance.**

The bill removed the requirement that 80% of the proceeds from the sale of state surplus real estate be credited to the Kansas public employees retirement fund to be applied to the payment of the unfunded actuarial pension liability of the state and school groups in KPERS.

Under the bill, the full amount of the proceeds from the sale of state surplus real estate is credited to the surplus real estate fund or other appropriate special revenue fund of the state agency that owned the surplus real estate. Under prior law, the state agency would receive 20% of the proceeds.

The crediting of 80% of the proceeds to KPERS was enacted in 2012. Prior to the 2012 legislation, such 80% was credited to the state general fund.

*These provisions of Sub SB 450 were originally introduced in SB 322. The Senate on final action passed Sub SB 450 by a vote of 38-2 on 2/23/22. The House on final action passed the bill by a vote of 117-5 on 3/23/22 and the Governor approved the bill on 4/1/22.*

**SB 421 – Transferring a total of \$1,125,000,000 from the state general fund to the Kansas public employees retirement fund during FY 2022 and FY 2023, allowing the state finance council to stop such FY 2023 transfers and eliminating certain level-dollar KPERS employer contribution payments.**

The bill transferred a total of \$1,125,000,000 from the state general fund to the KPERS trust fund. The total transfer was divided into four transfers across fiscal years 2022 and 2023. The first transfer was on the effective date of the bill (5/19/22) in the amount of \$553,866,022. The first \$253,866,022 of such transfer was for the full payment of reduced employer contributions in FY 2017 and FY 2019. A second transfer of \$300,000,000 on 6/1/22, a third transfer of \$146,133,978 on 8/1/22 and a final transfer of \$125,000,000 on 12/1/22. The bill also contained language allowing the state finance council to stop either or both FY 2023 transfers. The state finance council took no action to stop such transfers.

The bill also amended K.S.A. 74-4920, the KPERS employer contribution statute, to strike language that requires additional level-dollar employer contribution payments over 20 years to pay the actuarial cost of the reduction of employer contributions in FY 2017 and FY 2019. Such additional level-dollar contributions will no longer be necessary due to the transfer being made pursuant to section 1 of the bill.

*The House on final action adopted the conference committee report on the bill by a vote of 106-10 on 3/31/22. The Senate on final action adopted the conference committee report on SB 421 by a vote of 26-10 on 4/28/22 and the Governor approved the bill on 5/12/22.*

**2022 KPERS Bills with Legislative Consideration**

**HB 2509 – Expanding deferred retirement option program (DROP) membership to all KP&F members.**

The bill amended the definition of "member" for the deferred retirement option program (DROP) within the Kansas police and firemen's retirement system (KP&F) to include any member of KP&F. Under current law, a member of DROP can only be a trooper, examiner or officer of the Kansas highway patrol or an agent of the Kansas bureau of investigation.

*The House Insurance and Pensions Committee held a hearing on HB 2509 on 2/9/22. No action was taken on HB 2509 and the bill died in committee.*

**HB 2593 – Reducing the KPERS working after retirement employer contribution rate to only the statutory rate and decreasing the waiting period to 60 days for certain retirants employed by a school district for a period ending June 30, 2024.**

The bill established a KPERS working after retirement exception for a limited period commencing from the effective date of the bill until June 30, 2024. During such period, a school district may hire an eligible retired school employee (teachers, supervisors, principals, superintendents and any other professional employees who are required to hold a teacher's or school administrator's certificate), if such employee is hired not prior to 60 days after such employee's retirement date and without any prearranged agreement with the school district. This 60-day waiting period is regardless of age unlike the current working after retirement requirement of a waiting period 180 days if the retirant is under the age of 62 or 60 days if age 62 or older.

The bill also reduced the required employer contribution rate when hiring such retirants to the statutory employer contribution rate for all compensation earned by the retirant in a calendar year. Current law requires the employer to contribute at the statutory rate on the first \$25,000 of compensation earned in a calendar year and at 30% on all compensation above \$25,000.

*The House Insurance and Pensions Committee held a hearing on HB 2593 on 2/14/22. No action was taken on HB 2593 and the bill died in committee.*

**HB 2639 – Increasing the amount of retirant compensation subject to the statutory employer contribution rate and for a period ending June 30, 2023, reducing the employer contribution rate to the statutory rate for all compensation when employing retirants who are retired for one year or more when hired by a participating employer.**

The bill established a KPERS working after retirement exception for a limited period commencing from the effective date of the bill until June 30, 2023. During such period, any KPERS participating employer may hire any KPERS retirant if such retirant is hired not prior to 30 days after such retirant's retirement date and without any prearranged agreement with the participating employer. This 30-day waiting period is regardless of age unlike the current working after retirement requirement of a waiting period 180 days if the retirant is under the age of 62 or 60 days if age 62 or older.

*The House Insurance and Pensions Committee held a hearing on HB 2639 on 2/14/22, and on 3/18/22, the committee amended the bill to raise the compensation threshold from \$25,000 to \$27,500, reinstated the 60 or 180-day waiting period and added language providing that if a participating employer hires a retirant who has been retired for one year or longer, such participating employer is required to pay only the statutory employer contribution rate for such retirant. The bill died on the House calendar.*

**HB 2612 – Authorizing a self-funded cost-of-living adjustment retirement benefit option for certain members of KPERS.**

The bill added an additional retirement benefit option for members of KPERS 1 and 2. The bill allowed a KPERS 1 or 2 member to choose to receive a self-funded cost-of-living adjustment where the member's retirement benefit is initially reduced at retirement in accordance with actuarial factors established by the board, and thereafter, such retirement benefit increases by a fixed percentage over time. One or more fixed percentages would have been established by the board.

Under the KPERS 3 cash balance plan in K.S.A. 74-49,313, KPERS 3 members currently have an optional self-funded cost-of-living adjustment feature.

*The House Insurance and Pensions Committee held a hearing on HB 2612 on 2/14/22. No action was taken on HB 2612 and the bill died in committee.*

**SB 553 – Enacting the Kansas thrift savings plan act and establishing terms, conditions, requirements, membership elections, accounts, benefits, contributions and distributions related to such act.**

The bill created the Kansas thrift savings plan act. The plan is a defined contribution retirement plan consisting of mandatory employee contribution, employer contribution, rollover and deferred compensation accounts for new employees hired on and after July 1, 2024.

*The Senate Assessment and Taxation Committee held a hearing on SB 553 on 3/16/22, and on 3/21/22, the committee amended the bill to include as an investment option for thrift savings plan members an investment fund that mirrors or is similar to the investment portfolio of the KPERS defined benefit plan. The bill died on Senate General Orders.*

**Other KPERS Bills Introduced During the 2022 Session**

**HB 2583/ SB 401 – Providing an annual KPERS cost-of-living adjustment (COLA) on the occurrence of certain investment returns and increases to the consumer price index as certified by the KPERS board or executive director as designated by the board.**

**HB 2584/ SB 402 – Providing a post-retirement cost-of-living adjustment for certain KPERS retirants. (*ad hoc COLA*)**

**HB 2742 – Providing a post-retirement dividend payment to certain retirants and making appropriations for KPERS for fiscal year 2023 for such payment. (*13<sup>th</sup> check*)**

**HB 2713/ SB 524 – Providing membership in the KP&F retirement system for certain security officers of the department of corrections and for certain law enforcement officers and employees of the Kansas department of wildlife and parks.**

**HB 2470 – Providing membership in the KP&F retirement system for certain security officers of the department of corrections and allowing certain service credit purchases of previous KPERS security officer service for purposes of KP&F retirement benefits.**

**SB 518 – Enacting the Kansas reliable energy investment protection act, requiring the KPERS board to divest from investments with entities boycotting energy companies and prohibiting state contracts with companies boycotting energy companies.**