

SENATE BILL No. 553

By Committee on Assessment and Taxation

3-9

1 AN ACT concerning income taxation; relating to qualified governmental
2 retirement plans under the federal internal revenue code; state income
3 tax treatment of certain pre-tax and Roth retirement contributions;
4 enacting the Kansas thrift savings plan act; establishing terms,
5 conditions and requirements related thereto; creating mandatory,
6 deferred compensation, employer and rollover accounts; providing for
7 plan document, membership elections, benefits, contributions,
8 distributions and prospective plan changes by the legislature; relating to
9 the Kansas public employees retirement system; employer contribution
10 rate; allowing total covered payroll to include compensation of thrift
11 savings plan members; amending K.S.A. 2021 Supp. 74-4920 and
12 repealing the existing section.
13

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

15 New Section 1. (a) The provisions of sections 1 through 14, and
16 amendments thereto, shall be known and may be cited as the Kansas thrift
17 savings plan act, and shall be effective on and after July 1, 2024.

18 (b) Any employee who is first employed by a participating employer
19 on or after July 1, 2024, shall be a member of the plan under the provisions
20 of this act on the first day of employment of such employee with such
21 participating employer.

22 (c) (1) The provisions of this act shall not apply to members of the
23 Kansas police and firemen's retirement system, K.S.A. 74-4951 et seq.,
24 and amendments thereto, the retirement system for judges, K.S.A. 20-2601
25 et seq., and amendments thereto, and security officers as provided in
26 K.S.A. 74-4914a, and amendments thereto.

27 (2) The provisions of this act shall not apply to members of the
28 Kansas public employees retirement system as provided in K.S.A. 74-4901
29 et seq., 74-49,201 et seq., and 74-49,301 et seq., and amendments thereto,
30 first employed by a participating employer prior to July 1, 2024, except as
31 specifically provided in this act.

32 New Sec. 2. Unless the context requires otherwise, terms that are
33 used in this act have the meanings set forth for them in K.S.A. 74-4902,
34 and amendments thereto, and the following definitions apply:

35 (a) "Act" means the Kansas thrift savings plan act, sections 1 through
36 14, and amendments thereto;

1 (b) "active plan member" or "plan member" means a thrift savings
2 plan member who is actively employed by a participating employer;

3 (c) "covered position" means a position with an affiliated employer
4 that is eligible for membership in the Kansas public employees retirement
5 system pursuant to the provisions of K.S.A. 74-4901 et seq., and
6 amendments thereto;

7 (d) "defined benefit plan" means the defined benefit plan for the
8 Kansas public employees retirement system, K.S.A. 74-4901 et seq., 74-
9 49,201 et seq. and 74-49,301 et seq., and amendments thereto, the Kansas
10 police and firemen's retirement system, K.S.A. 74-4951 et seq., and
11 amendments thereto, and the retirement system for judges, K.S.A. 20-2601
12 et seq., and amendments thereto;

13 (e) "deferred compensation plan" means the same as defined in
14 K.S.A. 74-49b08, and amendments thereto;

15 (f) "employee" means the same as defined in K.S.A. 74-4902, and
16 amendments thereto, except that only employees who are first employed
17 by a participating employer on or after July 1, 2024, or employees of a
18 participating employer that affiliates on or after July 1, 2024, shall be
19 subject to the provisions of this act. "Employee" includes employees as
20 provided in K.S.A. 74-4931 et seq., and amendments thereto, first
21 employed by a participating employer on or after July 1, 2024, or such
22 employees of a participating employer that affiliates on or after July 1,
23 2024;

24 (g) "first employed" means an employee who:

25 (1) Has not been an employee in a covered position of any
26 participating employer prior to July 1, 2024, and is employed by a
27 participating employer in a covered position on or after July 1, 2024;

28 (2) is a former member of the system who withdrew contribution
29 accounts before July 1, 2024, and who is again employed by a
30 participating employer in a covered position on or after July 1, 2024; or

31 (3) was an inactive nonvested member and who is again employed by
32 a participating employer in a covered position on or after July 1, 2024;

33 (h) "inactive nonvested member" means a member who has
34 terminated employment with a participating employer and who does not
35 have a vested retirement benefit in the system on July 1, 2024;

36 (i) "plan" or "thrift savings plan" means the thrift savings plan
37 established by section 3, and amendments thereto; and

38 (j) "qualified Roth contribution program" means a program described
39 in section 402A(b)(1) of the federal internal revenue code which meets the
40 requirements of section 402A(b)(2) of the federal internal revenue code.

41 New Sec. 3. (a) (1) The board shall establish a separate thrift savings
42 plan in accordance with the provisions of this act. The plan and related
43 trust shall be established with the primary objective of providing a share of

1 the retirement income needed to replace a member's preretirement standard
2 of living throughout retirement following a full career of employment and
3 to meet participating employers' objectives for recruiting and retaining
4 qualified employees. Maintaining the member's standard of living in
5 retirement shall include income from the plan in addition to social security,
6 personal savings and other retirement arrangements including from
7 nonparticipating employers. The plan shall be established as a pension
8 plan for the exclusive benefit of members and their beneficiaries and as a
9 qualified governmental plan pursuant to sections 401(a) and 414(d) of the
10 federal internal revenue code and its implementing regulations. Retirement
11 accounts shall be established for each thrift savings plan member. Assets
12 of the plan shall be held in trust for the exclusive benefit of participants
13 and their beneficiaries. The plan is established in addition to any
14 retirement, pension, deferred compensation or other benefit plan
15 administered by the state or a political subdivision thereof.

16 (2) As a component of the thrift savings plan, the board shall
17 establish a deferred compensation plan in accordance with section 457 of
18 the federal internal revenue code. Deferred compensation accounts shall be
19 established for each thrift savings plan member to allow for additional
20 elective contributions by members of the thrift savings plan. All moneys
21 deferred, transferred or rolled-over in accordance with the provisions of
22 the deferred compensation plan shall be held in trust in accordance with
23 section 457 of the federal internal revenue code, for the exclusive benefit
24 of participants and their beneficiaries. All employees subject to the
25 provisions of this act shall participate in the deferred compensation plan
26 unless an employee elects, in a manner prescribed by the board, not to
27 participate in such plan. Any amount of the member's salary or
28 compensation that is deferred on a pre-tax basis shall not be subject to
29 state income taxes for the year in which such sum is contributed but shall
30 be subject to applicable state income taxes for the year in which
31 distributions are received by the member. The board may utilize the
32 Kansas public employees deferred compensation act, K.S.A. 74-49b07
33 through 74-49b15, and amendments thereto, to implement the provisions
34 of this act.

35 (3) The board shall establish a qualified Roth contribution program
36 for members in both the thrift savings plan and the deferred compensation
37 plan. Any amounts contributed to a qualified Roth contribution program
38 shall be subject to state withholding and income taxes for the year in
39 which such sum is contributed to the program, but shall not be subject to
40 applicable state income taxes for the year in which distributions are
41 received by the member, unless the provisions of article 32 of chapter 79
42 of the Kansas Statutes Annotated, and amendments thereto, provide
43 otherwise.

1 (b) The board may enter into agreements with approved insurers,
2 investment managers or other contracting parties whereby benefits or
3 investment services under the thrift savings plan would be made available
4 to participants. The board may enter into an agreement with one or more
5 qualified private firms for consolidated billing services, participant
6 enrollment services, communications services, participant account
7 recordkeeping services and other services related to the administration of
8 the thrift savings plan.

9 (c) No significant costs shall be incurred by the state as a result of the
10 administration of this act unless such costs are recovered by the following
11 means: (1) A service charge collected from all participants; or (2) credit
12 allowances or reimbursement of specified plan expenses as provided under
13 agreements with one or more qualified private firms entered into pursuant
14 to subsection (b). The amount of any such significant costs incurred and to
15 be recovered by the state shall be determined by the board.

16 (d) The board is authorized to negotiate and enter into contracts with
17 qualified insurers, investment managers and other contracting parties for
18 the purposes of implementing and providing essential services for the thrift
19 savings plan, including acquisition of actuarial, investment, consulting,
20 auditing and other services necessary therefor. Contracts entered into
21 under this act shall be subject to the provisions of K.S.A. 75-3739, and
22 amendments thereto, and shall not be negotiated in accordance with the
23 provisions of K.S.A. 75-37,102, and amendments thereto, or K.S.A. 75-
24 37,132, and amendments thereto.

25 New Sec. 4. The legislature may, from time to time, prospectively
26 change the statutory provisions governing the plan and expressly reserve
27 the right to do so. The state of Kansas shall not be responsible for any loss
28 incurred by any member under the plan established pursuant to this act.

29 New Sec. 5. (a) This section shall not be implemented until the board
30 has obtained approval from the federal internal revenue service. The board
31 may implement the remainder of this act prior to implementation of this
32 section. This section is severable from the remainder of this act and shall
33 be repealed if the federal internal revenue service refuses to grant such
34 approval or issues an adverse decision.

35 (b) Except as otherwise provided in this act, an active member of the
36 defined benefit plan on July 1, 2024, or an inactive vested member of the
37 defined benefit plan who is again employed by a participating employer in
38 a covered position on or after July 1, 2024, may elect to become a member
39 of the thrift savings plan by making an election within a 90-day period
40 established by the board.

41 (c) (1) Elections made pursuant to this section shall be made on a
42 form and in a manner prescribed by the board.

43 (2) A defined benefit plan member failing to make an election

1 prescribed by this section remains a member of the defined benefit plan.

2 (3) An election under this section, including the default election
3 pursuant to subsection (c)(2), is a one-time irrevocable election.

4 (4) An election to become a member of the thrift savings plan is for
5 all of such member's credited service. An election to become a thrift
6 savings plan member terminates active membership in the defined benefit
7 plan and the service of such member on and after July 1, 2024, in the thrift
8 savings plan shall not be credited for the purposes of the defined benefit
9 plan. The system shall calculate the actuarial present value of such
10 member's accrued retirement benefit for all credited service prior to July 1,
11 2024, and shall transfer a lump-sum amount equal to such actuarial present
12 value to such member's rollover account. The actuarial present value shall
13 be determined by the actuary using the actuarial assumptions and tables
14 currently in use by the system and the member's attained age.

15 (d) A member in either the defined benefit plan or the thrift savings
16 plan who becomes inactive after an election under this section and who
17 returns to active membership remains in the plan previously elected.

18 (e) A member of the defined benefit plan who is subject to a domestic
19 relations order or an execution or income-withholding order may not
20 transfer to the thrift savings plan unless the order is modified to apply
21 under the thrift savings plan.

22 (f) (1) A member of the defined benefit plan who is purchasing
23 service credit through installment payments, either made directly to the
24 board or pursuant to a payroll deduction agreement, shall not transfer
25 membership to the thrift savings plan unless the member first completes
26 the contract for purchase of service credit.

27 (2) A member who files an election to transfer membership may
28 make a lump-sum payment for up to the balance of the service credit
29 remaining to be purchased prior to transferring, subject to the limitations
30 of section 415 of the federal internal revenue code. The lump-sum
31 payment, unless made by a rollover, shall be made with after-tax dollars.

32 (3) If a member who files an election to transfer membership fails to
33 complete the contract for purchase of service credit by the end of the
34 member's 90-day election window, the board shall terminate the service
35 purchase contract and credit the member with the prorated amount of
36 service credit purchased under the contract.

37 New Sec. 6. The board shall accept the rollover of contributions and
38 the income on those contributions from another eligible retirement plan to
39 the member's rollover account only to the extent allowed under the federal
40 internal revenue code.

41 New Sec. 7. (a) A thrift savings plan member's mandatory
42 contribution account includes the member's contributions and the income
43 on those contributions and is vested from the date that the employee

1 becomes a member of the plan.

2 (b) A thrift savings plan member's deferred compensation account
3 includes the member's elective contributions and the income on those
4 contributions and is vested from the date that the employee becomes a
5 member of the plan.

6 (c) A thrift savings plan member's employer contribution account
7 includes the employer's contributions and the income on those
8 contributions and is vested only when the member has a total of five years
9 of participating service in the thrift savings plan.

10 (d) A thrift savings plan member's rollover account includes the
11 member's rollovers of contributions made pursuant to section 5 or 6, and
12 amendments thereto, and income on those contributions and are vested
13 from the date that the contributions are credited to the account.

14 (e) If the thrift savings plan member's employer contribution account
15 is not vested upon termination of plan membership, as provided in this
16 section, the employer contributions and income are forfeited as provided in
17 section 8, and amendments thereto.

18 New Sec. 8. (a) (1) An active thrift savings plan member shall
19 contribute 6% of compensation to the member's mandatory contribution
20 account.

21 (2) Except as provided in subsection (d), an active plan member shall
22 initially contribute 1% of compensation to the member's deferred
23 compensation account and such contribution rate shall increase annually
24 by 1% of the active plan member's compensation until such active plan
25 member reaches a maximum contribution rate of 10% of compensation.
26 All contributions to a member's deferred compensation account under this
27 section shall be subject to the contribution limits under sections 415 and
28 457 of the federal internal revenue code. The board may implement this
29 subsection as an eligible automatic contribution arrangement under section
30 414(w) of the federal internal revenue code.

31 (b) (1) All contributions under subsection (a)(1) shall be picked up by
32 the employer via a salary reduction as provided in section 414(h)(2) of the
33 federal internal revenue code. An employer shall not pick up such
34 contributions without a corresponding salary reduction as provided in
35 section 414(h)(2) of the federal internal revenue code.

36 (2) Each participating employer shall establish a system of regular
37 payroll deductions to defer each payroll period the amounts from the
38 salary or compensation of each employee who is a member of the deferred
39 compensation plan in accordance with this act and the applicable
40 provisions of the federal internal revenue code.

41 (c) An active plan member's participating employer shall contribute
42 the following:

43 (1) 4% of compensation to the active plan member's employer

1 contribution account; and

2 (2) an additional 0.5% of compensation to the active plan member's
3 employer contribution account if such member contributes 1% of
4 compensation to the deferred compensation plan or an additional 1% of
5 compensation if such member contributes 2% or more of compensation to
6 the deferred compensation plan.

7 (d) An active plan member shall be permitted to adjust the amount of
8 elective contributions to such member's deferred compensation account at
9 least annually or on a more frequent basis as established by the board. All
10 contribution elections shall be made in 1% increments. An active plan
11 member shall be permitted to stop making contributions to such member's
12 deferred compensation account. An active plan member shall be permitted
13 to resume making contributions to such member's deferred compensation
14 account following any previous stoppage. The board shall develop and
15 make available to all plan members an electronic means for making
16 contribution elections to a member's deferred compensation account.

17 (e) Forfeitures of employer contributions and investment income on
18 the employer contributions may not be used to increase a plan member's
19 retirement account. The board shall allocate the forfeitures under this
20 section to meet the plan's administrative expenses, including startup
21 expenses.

22 New Sec. 9. (a) (1) The board shall create an investment policy
23 structured to meet the retirement income objectives established under
24 section 3(a), and amendments thereto. The board shall require in any
25 agreement with entities pursuant to section 3, and amendments thereto,
26 that the following investment alternatives under the thrift savings plan are
27 offered to members, including, but not limited to:

28 (A) A government securities investment fund;
29 (B) a fixed income index investment fund;
30 (C) a common stock index investment fund;
31 (D) a small capitalization stock index investment fund;
32 (E) an international stock index investment fund; and
33 (F) hybrid funds mixing and matching various investment funds,
34 tailored to projected retirement years.

35 (2) (A) The board shall select an index that is a commonly recognized
36 index comprised of common stock the aggregate market value of which is
37 a reasonably complete representation of the United States equity markets.

38 (B) The common stock index investment fund shall be invested in a
39 portfolio designed to replicate the performance of the index selected under
40 subparagraph (A). The portfolio shall be designed such that, to the extent
41 practicable, the percentage of the large capitalization stock index
42 investment fund that is invested in each stock is the same as the percentage
43 determined by dividing the aggregate market value of all shares of that

1 stock by the aggregate market value of all shares of all stocks included in
2 such index.

3 (3) (A) The board shall select an index that is a commonly recognized
4 index comprised of common stock, the aggregate market value of which
5 represents the United States equity markets excluding the common stocks
6 included in the common stock index investment fund.

7 (B) The small capitalization stock index investment fund shall be
8 invested in a portfolio designed to replicate the performance of the index
9 in subparagraph (A). The portfolio shall be designed such that, to the
10 extent practicable, the percentage of the small capitalization stock index
11 investment fund that is invested in each stock is the same as the percentage
12 determined by dividing the aggregate market value of all shares of that
13 stock by the aggregate market value of all shares of all stocks included in
14 such index.

15 (4) (A) The board shall select an index that is a commonly recognized
16 index comprised of stock, the aggregate market value of which is a
17 reasonably complete representation of the international equity markets
18 excluding the United States equity markets.

19 (B) The international stock index investment fund shall be invested in
20 a portfolio designed to replicate the performance of the index in
21 subparagraph (A). The portfolio shall be designed such that, to the extent
22 practicable, the percentage of the international stock index investment
23 fund that is invested in each stock is the same percentage determined by
24 dividing the aggregate market value of all shares of that stock by the
25 aggregate market value of all shares of all stocks included in such index.

26 (b) The legislature may, from time to time, review the suitability and
27 management of investment alternatives established by this section and may
28 change the alternatives to be offered and expressly reserve the right to do
29 so. The board shall notify affected plan members of potential changes
30 before any changes become effective.

31 (c) The board shall establish a default investment option for any plan
32 member who does not have an effective investment direction. The board
33 may utilize a hybrid investment fund established pursuant to this section as
34 the default investment fund.

35 (d) Assets within each member's account shall be invested as directed
36 by the member within the investment alternatives established by the board.

37 (e) A plan member may elect the investment funds and alternatives
38 referred to in this section into which the sums in the member's accounts are
39 to be invested or reinvested. The board shall develop and make available
40 to all plan members an electronic means for investment allocation
41 elections. Elections to allocate existing account balances among the
42 various investment alternatives referred to in this section shall be
43 permitted on a daily basis. Elections to allocate future contributions among

1 the various investment alternatives referred to in this section shall be
2 permitted on a monthly basis. All investment elections shall be made in
3 1% increments. The sum of the percentages elected for all investment
4 alternatives shall equal 100%.

5 New Sec. 10. Any time after termination of service, a plan member or
6 the plan member's beneficiary may terminate plan membership by filing a
7 written application with the board and removing the plan member's vested
8 account balance from the plan through any combination of the following
9 payout options, each of which is subject to the provisions of the plan
10 document and the federal internal revenue code and the applicable
11 regulations of the federal internal revenue service:

- 12 (a) A direct rollover to an eligible retirement plan;
- 13 (b) a regular rollover to an eligible retirement plan;
- 14 (c) a lump-sum distribution of the plan member's vested account
15 balance; or
- 16 (d) an optional form of distribution offered by the board under section
17 11, and amendments thereto.

18 New Sec. 11. (a) Subject to the provisions of the plan document, a
19 plan member, after termination of service, may leave the plan member's
20 vested account balance in the plan, and the plan member is eligible for a
21 distribution as provided in this section.

22 (b) (1) After termination of service and upon filing a written
23 application with the board, a plan member may select any distribution
24 option provided by the plan document. The board shall make available
25 within the plan lifetime annuity options from an insurer including:

- 26 (A) Single-life;
- 27 (B) joint and survivor;
- 28 (C) period certain;
- 29 (D) qualified longevity annuity contracts; and
- 30 (E) other annuity forms as the board may choose to provide.

31 (2) The board shall create a default distribution option using a
32 lifetime annuity form.

33 (c) A plan member who is less than 65 years of age, or 70½ years of
34 age if the member was born before July 1, 1949, who returns to service
35 may not continue to receive a distribution under this section while actively
36 employed in a covered position except as may otherwise be required under
37 an applicable annuity contract provided under the plan.

38 (d) The plan document shall provide that distributions shall comply
39 with the minimum distribution requirements established in the federal
40 internal revenue code and applicable under K.S.A. 74-49,123, and
41 amendments thereto.

42 (e) The plan document may specify minimum account balances for
43 purposes of allowing benefit payment options and rollovers in accordance

1 with the federal internal revenue code.

2 New Sec. 12. A plan member's beneficiary shall be determined as
3 provided in the defined benefit plan regulations. Upon filing a written
4 application with the board after the death of a plan member, the plan
5 member's beneficiary is entitled to the plan member's vested account
6 balance.

7 New Sec. 13. Before termination of service, a plan member shall not
8 receive a refund of any portion of the plan member's vested account
9 balance.

10 New Sec. 14. A thrift savings plan member shall be eligible for
11 disability benefits provided to members of the defined benefit under
12 K.S.A. 74-4927, and amendments thereto.

13 Sec. 15. K.S.A. 2021 Supp. 74-4920 is hereby amended to read as
14 follows: 74-4920. (1) (a) Upon the basis of each annual actuarial valuation
15 and appraisal as provided for in K.S.A. 74-4908(3)(a), and amendments
16 thereto, the board shall certify, on or before July 15 of each year, to the
17 division of the budget in the case of the state and to the agent for each
18 other participating employer an actuarially determined estimate of the rate
19 of contribution which will be required, together with all accumulated
20 contributions and other assets of the system, to be paid by each such
21 participating employer to pay all liabilities which shall exist or accrue
22 under the system, including amortization of the actuarial accrued liability
23 as determined by the board. The board shall determine the actuarial cost
24 method to be used in annual actuarial valuations, to determine the
25 employer contribution rates that shall be certified by the board. Such
26 certified rate of contribution, amortization methods and periods and
27 actuarial cost method shall be based on the standards set forth in K.S.A.
28 74-4908(3)(a), and amendments thereto, and shall not be based on any
29 other purpose outside of the needs of the system.

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

1 board.

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

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

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

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

43 (5) (a) The rate of contribution certified to a participating employer as

1 provided in this section shall apply during the fiscal year of the
2 participating employer which begins in the second calendar year following
3 the year of the actuarial valuation.

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

10 (ii) Except as specifically provided in this subsection, for the fiscal
11 years commencing in the following calendar years, the rate of contribution
12 certified to the state of Kansas and to the participating employers under
13 K.S.A. 74-4931, and amendments thereto, shall in no event exceed the
14 state's contribution rate for the immediately preceding fiscal year by more
15 than the following amounts expressed as a percentage of compensation
16 upon which members contribute during the period: (A) For the fiscal year
17 commencing in calendar years 2010 through 2012, an amount not to
18 exceed more than 0.6% of the amount of the immediately preceding fiscal
19 year; (B) for the fiscal year commencing in calendar year 2013, an amount
20 not to exceed more than 0.9% of the amount of the immediately preceding
21 fiscal year; (C) for the fiscal year commencing in calendar year 2014, an
22 amount not to exceed more than 1% of the amount of the immediately
23 preceding fiscal year; (D) for the fiscal year commencing in calendar year
24 2015, the employer rate of contribution shall be 10.91%; (E) for the fiscal
25 year commencing in calendar year 2016, the employer rate of contribution
26 shall be 10.81%, except as provided by section 37(b) of chapter 54 of 2017
27 Session Laws of Kansas, and amendments thereto, for the participating
28 employers under K.S.A. 74-4931, and amendments thereto; (F) for the
29 fiscal year commencing in calendar year 2017, the employer rate of
30 contribution shall be 12.01% and for participating employers under K.S.A.
31 74-4931, and amendments thereto, an additional percentage of
32 compensation corresponding to the level dollar repayment amount
33 certified by the board pursuant to subsection (17); (G) for the fiscal year
34 commencing in calendar year 2021, the employer rate of contribution shall
35 be 13.33%; (H) for the fiscal year commencing in calendar year 2022, the
36 employer rate of contribution shall be 13.11%; and (I) in each subsequent
37 calendar year, an amount not to exceed more than 1.2% of the amount of
38 the immediately preceding fiscal year and for participating employers
39 under K.S.A. 74-4931, and amendments thereto, an additional percentage
40 of compensation corresponding to the level dollar repayment amount
41 certified by the board pursuant to subsections (17) and (18). *On and after*
42 *July 1, 2024, for the purposes of this section, member compensation shall*
43 *include compensation of members of the thrift savings plan established*

1 *under sections 1 through 14, and amendments thereto.*

2 (iii) Except as specifically provided in this section, for fiscal years
3 commencing in calendar year 1997 and in each subsequent calendar year,
4 the rate of contribution certified to participating employers other than the
5 state of Kansas shall in no event exceed such participating employer's
6 contribution rate for the immediately preceding fiscal year by more than
7 0.15% of the amount of compensation upon which members contribute
8 during the period.

9 (iv) Except as specifically provided in this subsection, for the fiscal
10 years commencing in the following calendar years, the rate of contribution
11 certified to participating employers other than the state of Kansas shall in
12 no event exceed the contribution rate for such employers for the
13 immediately preceding fiscal year by more than the following amounts
14 expressed as a percentage of compensation upon which members
15 contribute during the period: (A) For the fiscal year commencing in
16 calendar years 2010 through 2013, an amount not to exceed more than
17 0.6% of the amount of the immediately preceding fiscal year; (B) for the
18 fiscal year commencing in calendar year 2014, an amount not to exceed
19 more than 0.9% of the amount of the immediately preceding fiscal year;
20 (C) for the fiscal year commencing in calendar year 2015, an amount not
21 to exceed more than 1% of the amount of the immediately preceding fiscal
22 year; (D) for the fiscal year commencing in calendar year 2016, an amount
23 not to exceed more than 1.1% of the amount of the immediately preceding
24 fiscal year; and (E) for the fiscal year commencing in calendar year 2017,
25 and in each subsequent calendar year, an amount not to exceed more than
26 1.2% of the amount of the immediately preceding fiscal year. *On and after*
27 *July 1, 2024, for the purposes of this section, member compensation shall*
28 *include compensation of members of the thrift savings plan established*
29 *under sections 1 through 14, and amendments thereto.*

30 (v) As part of the annual actuarial valuation, there shall be a separate
31 employer rate of contribution calculated for the state of Kansas, a separate
32 employer rate of contribution calculated for participating employers under
33 K.S.A. 74-4931, and amendments thereto, a combined employer rate of
34 contribution calculated for the state of Kansas and participating employers
35 under K.S.A. 74-4931, and amendments thereto, and a separate employer
36 rate of contribution calculated for all other participating employers.

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

41 (vii) If the combined employer rate of contribution calculated for the
42 state of Kansas and participating employers under K.S.A. 74-4931, and
43 amendments thereto, is greater than the separate employer rate of

1 contribution for the state of Kansas, the difference in the two rates applied
2 to the actual payroll of the state of Kansas for the applicable fiscal year
3 shall be calculated. This amount shall be certified by the board for deposit
4 as additional employer contributions to the retirement benefit
5 accumulation reserve for the participating employers under K.S.A. 74-
6 4931, and amendments thereto.

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

10 (7) The actuarial cost of the provisions of K.S.A. 74-4950i, and
11 amendments thereto, will be included in the June 30, 1998, actuarial
12 valuation in determining contribution rates for participating employers.
13 The actuarial accrued liability incurred for the provisions of K.S.A. 74-
14 4950i, and amendments thereto, shall be amortized over 15 years.

15 (8) Except as otherwise provided by law, the actuarial cost of any
16 legislation enacted by the Kansas legislature, except the actuarial cost of
17 K.S.A. 74-49,114a, and amendments thereto, shall be in addition to the
18 employer contribution rates certified for the employer contribution rate in
19 the fiscal year immediately following such enactment. Such actuarial cost
20 shall be determined by the qualified actuary employed or retained by the
21 system pursuant to K.S.A. 74-4908, and amendments thereto, and reported
22 to the system and the joint committee on pensions, investments and
23 benefits.

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

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

35 (11) The actuarial accrued liability incurred for the provisions of
36 K.S.A. 74-49,114b, and amendments thereto, for the KPERS local group
37 and retirants who were employees of local employers which affiliated with
38 the Kansas police and firemen's retirement system shall be amortized over
39 10 years.

40 (12) The cost of the postretirement benefit payment provided
41 pursuant to the provisions of K.S.A. 74-49,114c, and amendments thereto,
42 for retirants other than local retirants as described in subsection (13) or
43 insured disability benefit recipients shall be paid in the fiscal year

1 commencing on July 1, 2008.

2 (13) The actuarial accrued liability incurred for the provisions of
3 K.S.A. 74-49,114c, and amendments thereto, for the KPERS local group
4 and retirants who were employees of local employers which affiliated with
5 the Kansas police and firemen's retirement system shall be amortized over
6 10 years.

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

12 (15) Employer contributions shall in no way be limited by any other
13 act which now or in the future establishes or limits the compensation of
14 any member.

15 (16) Notwithstanding any provision of law to the contrary, each
16 participating employer shall remit quarterly, or as the board may otherwise
17 provide, all employee deductions and required employer contributions to
18 the executive director for credit to the Kansas public employees retirement
19 fund within three days after the end of the period covered by the
20 remittance by electronic funds transfer. Remittances of such deductions
21 and contributions received after such date are delinquent. Delinquent
22 payments due under this subsection shall be subject to interest at the rate
23 established for interest on judgments under K.S.A. 16-204(a), and
24 amendments thereto. At the request of the board, delinquent payments
25 which are due or interest owed on such payments, or both, may be
26 deducted from any other moneys payable to such employer by any
27 department or agency of the state.

28 (17) The actuarial cost of the reduction of employer contributions for
29 eligible employers as specified in K.S.A. 74-4931(1), (2) and (3), and
30 amendments thereto, pursuant to the provisions of section 37 of chapter 54
31 of the 2017 session laws of Kansas, and amendments thereto, shall be
32 amortized over 20 years as a level dollar amount, as certified by the board
33 upon recommendation of the consulting actuary, through an additional
34 percentage of compensation for participating employers under K.S.A. 74-
35 4931, and amendments thereto. This additional percentage of
36 compensation shall first be reflected in employer contribution rates for
37 participating employers under K.S.A. 74-4931, and amendments thereto,
38 effective on the first day of the first payroll period for the fiscal year 2018.

39 (18) The actuarial cost of \$194,022,683 shall be amortized over 20
40 years as a level dollar amount, as certified by the board upon
41 recommendation of the consulting actuary, through an additional
42 percentage of compensation for participating employers under K.S.A. 74-
43 4931, and amendments thereto. This additional percentage of

1 compensation shall first be reflected in employer contribution rates for
2 participating employers under K.S.A. 74-4931, and amendments thereto,
3 effective on the first day of the first payroll period for the fiscal year 2020.

4 Sec. 16. K.S.A. 2021 Supp. 74-4920 is hereby repealed.

5 Sec. 17. This act shall take effect and be in force from and after its
6 publication in the statute book.