

February 16, 2021

The Honorable Troy Waymaster, Chairperson  
House Committee on Appropriations  
Statehouse, Room 111-N  
Topeka, Kansas 66612

Dear Representative Waymaster:

**SUBJECT:** Fiscal Note for HB 2043 by Representative Highland

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2043 is respectfully submitted to your committee.

HB 2043 would remove legislator's participation in the Kansas Public Employees Retirement System (KPERs) for terms beginning on or after January 9, 2023. In addition, the bill would authorize compensation for each member of the Legislature on or after January 9, 2023, totaling \$35,000 per year during the member's term of office. In addition, the bill would provide additional compensation to the following positions:

1. President of the Senate—\$14,039 per year;
2. Speaker of the House—\$14,039 per year;
3. Majority Leader of the Senate—\$12,666;
4. Majority Leader of the House—\$12,666
5. Chairperson of the Senate Committee on Ways and Means—\$11,290;
6. Chairperson of the House of Committee on Appropriations—\$11,290;
7. Vice President of the Senate—\$7,165;
8. Speaker Pro Tem of the House of Representatives—\$7,165;

9. Assistant Majority Leader of the Senate—\$7,165;
10. Assistant Majority Leader of the House of Representatives—\$7,165;
11. Assistant Minority Leader the Senate—\$7,165; and
12. Assistant Minority Leader of the and House of Representatives—\$7,165.

Also, the bill would remove authorization for legislators to receive mileage and subsistence allowances that is currently authorized by law.

According to KPERS, current legislators are considered regular members of KPERS. However, a legislator can elect to participate in KPERS at the time he or she is sworn into office. If a legislator elects to participate in KPERS, he or she also elects the compensation that can be used to calculate the KPERS benefit, including daily legislative pay, subsistence allowance, and non-session expenses. KPERS reports the most common election by legislators is to include all three compensation pieces. KPERS notes that legislators contribute 6.0 percent of the annualized amount of compensation that is elected to be included in the benefit. Legislative Administrative Services contributes the statutory employer contribution on the annualized compensation elected by legislators, which currently is 14.23 percent in FY 2021 and 14.09 percent in FY 2022 (excluding the KPERS Death and Disability Program rate).

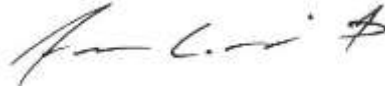
The KPERS actuary completed a cost study for HB 2043 and estimates the bill would increase the KPERS employer contribution for the State/School Group by 0.03 percent beginning in FY 2024, as the unfunded liability would be funded over a smaller payroll base without current legislators. KPERS notes that the statutory rates for FY 2024 are not certified until the December 31, 2020 Actuarial Valuation is accepted by the KPERS Board, which is scheduled to occur in July 2021. The estimated 0.03 percent employer contribution increase in FY 2024 is estimated at \$1.5 million from all participating KPERS State/School Group employers.

Legislative Administrative Services (LAS) completed an analysis of the provisions of HB 2043 with salary and wages, subsistence, legislative allowance, and mileage costs during the 2019 Legislative Session for the 165 legislative members. LAS indicates that the provisions of HB 2043 would result in salary and wages expenditures totaling \$6,231,976, including fringe benefits. For the 2019 Legislative Session, total costs for salary and wages, legislative allowance, and mileage totaled \$5,305,129. As a result, the enactment of HB 2043 would result in an expenditure increase of \$926,847, all from the State General Fund, beginning in FY 2023.

LAS noted that costs from the 2020 Legislative Session were not used for this comparison analysis, as the COVID-19 pandemic reduced the duration of that session. In addition, LAS notes that employer costs vary by legislator, depending on whether the member lives within a 50-mile radius of Topeka. If the member lives inside the 50-mile radius, the legislator's salary, subsistence, and allowance are all taxable earnings. Outside the 50-mile radius, only the salary and legislative allowance are taxable earnings. HB 2043 would make the entire \$35,000 salary taxable for each

legislator. As a result, the enactment of HB 2043 would affect the tax situation for legislators, depending on where the legislator lives. Any fiscal effect associated with HB 2043 is not reflected in *The FY 2022 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt  
Director of the Budget

cc: Jarod Waltner, KPERS  
Karen Clowers, Legislative Services