

Authorization for the Issuance of \$500.0 Million in Bonds; KPERS; HB 2405

HB 2405 authorizes the Kansas Development Finance Authority (KDFA) to issue bonds, in one or more series, in an amount not to exceed \$500.0 million, plus all amounts required to pay the costs of issuance. Proceeds from those bonds must be applied to the unfunded actuarial pension liability (UAL) of the Kansas Public Employees Retirement System (KPERS). The interest rate of those bonds may not exceed 4.3 percent. Bonds may not be issued without approval of the State Finance Council, which may give approval while the Legislature is in session. The bonds issued and interest owed would be an obligation of KDFA and not KPERS. The bonds issued would not be considered a debt or obligation of the State for purposes of the *Kansas Constitution*. The Department of Administration and the KDFA would be permitted to enter into contracts to implement the payment arrangements after the bonds are issued.

The addition of \$500.0 million toward the UAL is estimated to decrease the employer contribution rate, including KPERS Death and Disability Program contributions, from 14.69 percent to 13.36 percent in FY 2024.