

SESSION OF 2023

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 23**

As Recommended by Senate Committee on  
Financial Institutions and Insurance

**Brief\***

SB 23 would amend law governing the Kansas Public Employees Retirement Trust Fund and investment standards to remove a statutory limitation (“cap”) on alternative investments and instead delegate the selection of the overall cap to the Kansas Public Employees Retirement System (KPERs, or Retirement System) Board of Trustees.

Under current law, enacted in 2012, the investment of alternative assets by the Board is limited to 15.0 percent of the total investment assets of the fund as a percentage of the Retirement System’s total investments. “Alternative investment” is defined in trust fund law to include a broad group of investments that are not one of the traditional asset types of public equities, fixed income, cash, or real estate (e.g., private equity, private credit, hedge funds, infrastructure, and commodities).

**Background**

The bill was introduced by the Joint Committee on Pensions, Investments and Benefits. [Note: The Joint Committee met in December 2022 and, as one of the topics discussed, reviewed a request from the KPERs Board of Trustees to remove the alternative investments cap, while maintaining other statutory criteria placed on the investment of alternative assets. The Joint Committee recommended the introduction of this legislation.]

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

A companion bill, HB 2103, has been introduced in the House.

***Senate Committee on Financial Institutions and Insurance***

In the Senate Committee hearing, the Executive Director and the Chief Investment Officer, KPERS, provided **proponent** testimony on behalf of the KPERS Board of Trustees, stating if KPERS were to reach the 15.0 percent alternative investments cap, new investments in private equity and infrastructure would stop and could not be resumed until exposure fell below the cap. The representatives indicated this restriction would limit KPERS' ability to diversify these investments across economic cycles, increasing risk, and could result in KPERS losing access to top tier investment managers, potentially reducing return.

No other testimony was provided.

**Fiscal Information**

According to the fiscal note prepared by the Division of the Budget on the bill, KPERS indicates enactment of the bill would have no fiscal effect.

Retirement System; KPERS Board of Trustees; investment policy; alternative investments