AN ACT concerning retirement and benefits; relating to the Kansas public employees retirement system and systems thereunder; employer affiliation, participation by certain employees and contribution rate; amending K.S.A. 74-4910 and K.S.A. 2011 Supp. 74-4920 and repealing the existing sections.

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

Section 1. K.S.A. 74-4910 is hereby amended to read as follows: 74-4910. (1) An eligible employer may join the system on January 1 of any year. Application for affiliation shall be in the form of a resolution approved by the governing or legislative body of the eligible employer or by any other body or officer authorized by law or recognized by the board to approve the action. Such application may be for participation with regard to: (a) All employees who are employed by the participating employer on or after the employer's entry date; (b) all employees employed by the participating employer immediately prior to and on the employer's entry date; or (c) all individuals which are referred to in subsections (1)(a) and (1)(b). The application shall include a statement of the group or groups to be covered. Any such application, upon approval by the board of trustees, shall be irrevocable, except that extension of coverage to any of the employee groups referred to in subsections (1)(a) or (1)(b) not covered in the employer's initial application may be obtained by supplemental application to the board, in such form as may be provided by the board, with such coverage to be effective on January 1 of any succeeding year. No city or township shall become a participating employer except by the adoption of a resolution therefor, which shall be published once in the official city or township newspaper or, if there is none, in a newspaper of general circulation in the city or county. No such resolution shall take effect until 60 days after its final publication. If within 60 days of its final publication a petition signed by electors equal in number to not less than 10% of the electors who voted at the last preceding regular election in the township, in the case of townships, the last regular city election in the city, in the case of cities is filed in the office of the clerk of such city, or township demanding that such resolution be submitted to a vote of the electors, the resolution shall not take effect until submitted to a referendum and approved by a majority of the electors.
A 2/3 vote of the members-elect of the governing body shall be necessary for the affiliation of any eligible employer other than a city or township. An application for affiliation with the system shall be filed with the board not later than 30 days prior to the date participation is to begin, except as such time limit may be extended by the board. Upon the filing of a certified copy of such resolutions with the board an election pursuant to this section shall be irrevocable, and the employer shall become a participating employer on January 1 of the year immediately following the filing of such election with the board.

(2) The state of Kansas in its capacity as an eligible employer, shall become, by operation of law, a participating employer on the first entry date. The Kansas turnpike authority shall not become a participating employer nor shall its officers or employees be covered by the retirement system until such time as its governing body by a 2/3 vote of the members of such governing body adopts a resolution for affiliation and files the same in the same manner and on the same conditions as in the case of an eligible employer other than a city or township.

(3) If a participating employer is paying or has paid the salary or other compensation of the judge, clerk or any other employee, whether elective or appointive, such judge, clerk or other employee of such court or courts, whether elective or appointive, shall be deemed an employee of the participating employer. Such employee shall be governed by the provisions governing other eligible employees of such participating employer. Any participating employer which has not heretofore included such employees as eligible employees under the retirement system shall on the first day of the month coinciding with or following the effective date of this act include such employees if otherwise eligible as eligible employees under the retirement system. Such employees, whether elective or appointive, if employed on the employer's entry date may elect to pay forthwith the employee contributions from the employer's entry date and thereby be governed by the provisions governing other employees employed by the participating employer on entry date except that no such employee shall be considered to be a new employee on the first day of the month coinciding with or following the effective date of this act and commence making employee contributions in compliance with other provisions governing the retirement system and the participating employer shall make the employer contributions in accordance with the alternative elected by the employee and other provisions governing the retirement system.

(4) Any employer whose employees are covered by social security and who otherwise do not meet the provisions of subsection (13) of K.S.A. 74-4902, and amendments thereto, may elect to affiliate under this section upon meeting the definition of a governmental entity or instrumentality as
determined by the system. If, subsequent to such determination, the
United States internal revenue service determines that such employer does
not meet the definition of a governmental entity or instrumentality, such
affiliation shall be null and void and all employee accrued rights
associated with such affiliation shall be null and void and the system shall
refund such amounts presently credited to each employee's account and an
equivalent amount to the employer for each employee. The provisions of
this subsection shall apply to current and future participating employers.

(5) For affiliations on and after January 1, 1999, any eligible
employer, prior to the filing of an application for affiliation under this
system, shall request the board of trustees to submit a proposal for such
affiliation including an estimate of the employer's contribution rate
necessary to comply with the actuarial standard of this system. Such
eligible employer shall furnish all necessary data from which such
proposal is prepared, and shall pay all costs involved.

Sec. 2. K.S.A. 2011 Supp. 74-4920 is hereby amended to read as
follows: 74-4920. (1) (a) Upon the basis of each annual actuarial valuation
and appraisal as provided for in subsection (3)(a) of K.S.A. 74-4908, and
amendments thereto, the board shall certify, on or before July 15 of each
year, to the division of the budget in the case of the state and to the agent
for each other participating employer an actuarially determined estimate of
the rate of contribution which will be required, together with all
accumulated contributions and other assets of the system, to be paid by
each such participating employer to pay all liabilities which shall exist or
accrue under the system, including amortization of the actuarial accrued
liability as determined by the board. The board shall determine the
actuarial cost method to be used in annual actuarial valuations, to
determine the employer contribution rates that shall be certified by the
board. Such certified rate of contribution, amortization methods and
periods and actuarial cost method shall be based on the standards set forth
in subsection (3)(a) of K.S.A. 74-4908, and amendments thereto, and shall
not be based on any other purpose outside of the needs of the system.

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

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

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

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

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

(5) (a) The rate of contribution certified to a participating employer as provided in this section shall apply during the fiscal year of the participating employer which begins in the second calendar year following the year of the actuarial valuation.

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

(ii) Except as specifically provided in this subsection, for the fiscal years commencing in the following calendar years, the rate of contribution certified to the state of Kansas and to the participating employers under K.S.A. 74-4931, and amendments thereto, shall in no event exceed the state's contribution rate for the immediately preceding fiscal year by more than the following amounts expressed as a percentage of compensation upon which members contribute during the period: (A) For the fiscal year commencing in calendar year 2005, an amount not to exceed more than 0.4% of the amount of the immediately preceding fiscal year; (B) for the fiscal year commencing in calendar year 2006, an amount not to exceed more than 0.5% of the amount of the immediately preceding fiscal year; and (C) for the fiscal year commencing in calendar year 2007 and in each subsequent calendar year, an amount not to exceed more than 0.6% of the amount of the immediately preceding fiscal year.

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

(iv) Except as specifically provided in this subsection, for the fiscal years commencing in the following calendar years, the rate of contribution certified to participating employers other than the state of Kansas shall in no event exceed the contribution rate for such employers for the immediately preceding fiscal year by more than the following amounts expressed as a percentage of compensation upon which members contribute during the period: (A) For the fiscal year commencing in calendar year 2006, an amount not to exceed more than 0.4% of the amount of the immediately preceding fiscal year; (B) for the fiscal year commencing in calendar year 2007, an amount not to exceed more than
0.5% of the amount of the immediately preceding fiscal year; and (C) for
the fiscal year commencing in calendar year 2008 and in each subsequent
calendar year, an amount not to exceed more than 0.6% of the amount of
the immediately preceding fiscal year.

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

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

(vii) If the combined employer rate of contribution calculated for the
state of Kansas and participating employers under K.S.A. 74-4931, and
amendments thereto, is greater than the separate employer rate of
contribution for the state of Kansas, the difference in the two rates applied
to the actual payroll of the state of Kansas for the applicable fiscal year
shall be calculated. This amount shall be certified by the board for deposit
as additional employer contributions to the retirement benefit
accumulation reserve for the participating employers under K.S.A. 74-
4931, and amendments thereto.

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

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

(8) Except as otherwise provided by law, the actuarial cost of any
legislation enacted by the Kansas legislature, except the actuarial cost of
K.S.A. 74-49,114a, and amendments thereto, shall be in addition to the
employer contribution rates certified for the employer contribution rate in
the fiscal year immediately following such enactment.

(9) Notwithstanding the provisions of subsection (8), the actuarial
cost of the provisions of K.S.A. 74-49,109 et seq., and amendments thereto,
shall be first reflected in employer contribution rates effective with
the first day of the first payroll period for the fiscal year 2005. The
actuarial accrued liability incurred for the provisions of K.S.A. 74-49,109
et seq., and amendments thereto, shall be amortized over 10 years.
(10) The cost of the postretirement benefit payment provided pursuant to the provisions of K.S.A. 2011 Supp. 74-49,114b, and amendments thereto, for retirants other than local retirants as described in subsection (11) or insured disability benefit recipients shall be paid in the fiscal year commencing on July 1, 2007.

(11) The actuarial accrued liability incurred for the provisions of K.S.A. 2011 Supp. 74-49,114b, and amendments thereto, for the KPERS local group and retirants who were employees of local employers which affiliated with the Kansas police and firemen's retirement system shall be amortized over 10 years.

(12) The cost of the postretirement benefit payment provided pursuant to the provisions of K.S.A. 2011 Supp. 74-49,114c, and amendments thereto, for retirants other than local retirants as described in subsection (13) or insured disability benefit recipients shall be paid in the fiscal year commencing on July 1, 2008.

(13) The actuarial accrued liability incurred for the provisions of K.S.A. 2011 Supp. 74-49,114c, and amendments thereto, for the KPERS local group and retirants who were employees of local employers which affiliated with the Kansas police and firemen's retirement system shall be amortized over 10 years.

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

(15) For employers affiliating on and after January 1, 1999, the rates of contribution certified to the participating employer as provided in this section shall apply during the fiscal year immediately following such certification, but the rate of contribution during the first year following the employer's entry date shall be equal to 7% of the amount of compensation on which members contribute during the year. Any amount of such first year's contribution which may be in excess of the necessary current service contribution shall be credited by the board to the respective employer's prior service liability.

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

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

Sec. 3. K.S.A. 74-4910 and K.S.A. 2011 Supp. 74-4920 are hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the statute book.