AN ACT concerning retirement and pensions; relating to the Kansas public employees retirement system and systems thereunder; federal nontaxable distributions to certain retirants.

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

Section 1. (a) This section applies to the Kansas public employees retirement system and to all other public retirement plans administered by the board of trustees of the Kansas public employees retirement system.

(b) As used in this section:

(1) "Eligible retired public safety officer" means the same as provided in section 402(l) of the federal internal revenue code;

(2) "federal internal revenue code" means the federal internal revenue code of 1986, as in effect on January 1, 2012.

(3) "public safety officer" means the same as provided in section 402(l) of the federal internal revenue code; and

(4) "qualified health insurance premiums" means the same as provided in section 402(l) of the federal internal revenue code.

(c) The purpose of this section is to authorize the board of trustees of the Kansas public employees retirement system to implement the provisions of section 402(l) of the federal internal revenue code. The provisions of this section shall be interpreted in accordance with that purpose.

(d) Notwithstanding any other law to the contrary, the board of trustees of the Kansas public employees retirement system may adopt rules and procedures effective on and after January 1, 2012, to:

(1) Permit certain retired members of the system, as identified by the board, who are eligible retired public safety officers to elect to have a direct deduction of qualified health insurance premiums made from such member's monthly retirement or disability benefits; and

(2) implement the provisions of section 402(l) of the federal internal revenue code so that these direct deductions of qualified health insurance premiums shall be excludable from gross income to the extent permitted by federal law.

(e) The provisions of this section shall be part of and supplemental to the provisions of K.S.A. 74-4901 et seq., and amendments thereto.

Sec. 2. This act shall take effect and be in force from and after its
publication in the statute book.