

## HOUSE BILL No. 2430

By Representatives Lane, Carlin, Faust-Goudeau, Garcia, Henry, Mah,  
McKinney, Menghini, Svaty, Thull, Treaster and Williams

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10 AN ACT concerning retirement; relating to the Kansas public employees  
11 retirement system and systems thereunder; postretirement benefit  
12 payment; amending K.S.A. 2004 Supp. 74-4920 and repealing the ex-  
13 isting section.

14

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

16 New Section 1. (a) Each retirant who is entitled to receive a retire-  
17 ment benefit, pension or annuity payment from a retirement system shall  
18 be entitled to receive a postretirement benefit payment as specified in  
19 this section. Such postretirement benefit payment shall be paid in addi-  
20 tion to the amount of the retirement benefit, pension or annuity payment  
21 to which the retirant is otherwise entitled pursuant to law and shall be  
22 paid in the form of an additional payment which shall be made on October  
23 1, 2005.

24 (b) Each such postretirement benefit payment as provided in this  
25 section shall be payable to the retirant in an amount equal to \$300.

26 (c) Each such retirant dividend payment shall be paid by the retire-  
27 ment system to the retirant and shall be payable from the Kansas public  
28 employees retirement fund.

29 (d) As used in this section:

30 (1) "Retirant" means (A) any person who is a member of a retirement  
31 system and who retired prior to July 1, 2004, and who had at least 10  
32 years or more of service credit, (B) any person who is a special member  
33 of a retirement system and who retired prior to July 1, 2004, and who  
34 had at least 10 years or more of service credit, (C) any person who is a  
35 joint annuitant or beneficiary of any member described in clause (A) or  
36 any special member described in clause (B), and (D) any insured disability  
37 benefit recipient.

38 (2) "Retirement system" means the Kansas public employees retire-  
39 ment system, the Kansas police and firemen's retirement system, the state  
40 school retirement system and the retirement system for judges.

41 (3) "Insured disability benefit recipient" means any person receiving  
42 an insured disability benefit under K.S.A. 74-4927, and amendments  
43 thereto, prior to July 1, 2004.

1     Sec. 2. K.S.A. 2004 Supp. 74-4920 is hereby amended to read as  
2 follows: 74-4920. (1) (a) Upon the basis of each annual actuarial valuation  
3 and appraisal as provided for in subsection (3)(a) of K.S.A. 74-4908 and  
4 amendments thereto, the board shall certify, on or before July 15 of each  
5 year, to the division of the budget in the case of the state and to the agent  
6 for each other participating employer an actuarially determined estimate  
7 of the rate of contribution which will be required, together with all ac-  
8 cumulated contributions and other assets of the system, to be paid by  
9 each such participating employer to pay all liabilities which shall exist or  
10 accrue under the system, including amortization of the actuarial accrued  
11 liability as determined by the board. The board shall determine the ac-  
12 tuarial cost method to be used in annual actuarial valuations, to determine  
13 the employer contribution rates that shall be certified by the board. Such  
14 certified rate of contribution, amortization methods and periods and ac-  
15 tuarial cost method shall be based on the standards set forth in subsection  
16 (3)(a) of K.S.A. 74-4908 and amendments thereto and shall not be based  
17 on any other purpose outside of the needs of the system.

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

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

41     (2) The division of the budget and the governor shall include in the  
42 budget and in the budget request for appropriations for personal services  
43 the sum required to satisfy the state's obligation under this act as certified

1 by the board and shall present the same to the legislature for allowance  
2 and appropriation.

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

6 (4) Each participating employer is hereby authorized to pay the em-  
7 ployer's contribution from the same fund that the compensation for which  
8 such contribution is made is paid from or from any other funds available  
9 to it for such purpose. Each political subdivision, other than an instru-  
10 mentality of the state, which is by law authorized to levy taxes for other  
11 purposes, may levy annually at the time of its levy of taxes, a tax which  
12 may be in addition to all other taxes authorized by law for the purpose of  
13 making its contributions under this act and, in the case of cities and coun-  
14 ties, to pay a portion of the principal and interest on bonds issued under  
15 the authority of K.S.A. 12-1774 and amendments thereto by cities located  
16 in the county, which tax, together with any other fund available, shall be  
17 sufficient to enable it to make such contribution. In lieu of levying the  
18 tax authorized in this subsection, any taxing subdivision may pay such  
19 costs from any employee benefits contribution fund established pursuant  
20 to K.S.A. 12-16,102 and amendments thereto. Each participating em-  
21 ployer which is not by law authorized to levy taxes as described above,  
22 but which prepares a budget for its expenses for the ensuing year and  
23 presents the same to a governing body which is authorized by law to levy  
24 taxes as described above, may include in its budget an amount sufficient  
25 to make its contributions under this act which may be in addition to all  
26 other taxes authorized by law. Such governing body to which the budget  
27 is submitted for approval, may levy a tax sufficient to allow the partici-  
28 pating employer to make its contributions under this act, which tax, to-  
29 gether with any other fund available, shall be sufficient to enable the  
30 participating employer to make the contributions required by this act.

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

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

41 (ii) Except as specifically provided in this subsection, for the fiscal  
42 years commencing in the following calendar years, the rate of contribution  
43 certified to the state of Kansas shall in no event exceed the state's con-

1 tribution rate for the immediately preceding fiscal year by more than the  
2 following amounts expressed as a percentage of compensation upon  
3 which members contribute during the period: (A) For the fiscal year  
4 commencing in calendar year 2005, an amount not to exceed more than  
5 0.4% of the amount of the immediately preceding fiscal year; (B) for the  
6 fiscal year commencing in calendar year 2006, an amount not to exceed  
7 more than 0.5% of the amount of the immediately preceding fiscal year;  
8 and (C) for the fiscal year commencing in calendar year 2007 and in each  
9 subsequent calendar year, an amount not to exceed more than 0.6% of  
10 the amount of the immediately preceding fiscal year.

11 (iii) Except as specifically provided in this section, for fiscal years  
12 commencing in calendar year 1997 and in each subsequent calendar year,  
13 the rate of contribution certified to participating employers other than  
14 the state of Kansas shall in no event exceed such participating employer's  
15 contribution rate for the immediately preceding fiscal year by more than  
16 0.15% of the amount of compensation upon which members contribute  
17 during the period.

18 (iv) Except as specifically provided in this subsection, for the fiscal  
19 years commencing in the following calendar years, the rate of contribution  
20 certified to participating employers other than the state of Kansas shall  
21 in no event exceed the contribution rate for such employers for the im-  
22 mediately preceding fiscal year by more than the following amounts ex-  
23 pressed as a percentage of compensation upon which members contribute  
24 during the period: (A) For the fiscal year commencing in calendar year  
25 2006, an amount not to exceed more than 0.4% of the amount of the  
26 immediately preceding fiscal year; (B) for the fiscal year commencing in  
27 calendar year 2007, an amount not to exceed more than 0.5% of the  
28 amount of the immediately preceding fiscal year; and (C) for the fiscal  
29 year commencing in calendar year 2008 and in each subsequent calendar  
30 year, an amount not to exceed more than 0.6% of the amount of the  
31 immediately preceding fiscal year.

32 (v) There shall be an employer rate of contribution certified to the  
33 state of Kansas. There shall be a separate employer rate of contribution  
34 certified to participating employers under K.S.A. 74-4931 and amend-  
35 ments thereto. There shall be a separate employer rate of contribution  
36 certified to all other participating employers.

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

40 (7) The actuarial cost of the provisions of K.S.A. 74-4950i will be  
41 included in the June 30, 1998, actuarial valuation in determining contri-  
42 bution rates for participating employers. The actuarial accrued liability  
43 incurred for the provisions of K.S.A. 74-4950i shall be amortized over 15

1 years.

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

7 (9) Notwithstanding the provisions of subsection (8), the actuarial  
8 cost of the provisions of K.S.A. 74-49,109 *et seq.* and amendments thereto  
9 shall be first reflected in employer contribution rates effective with the  
10 first day of the first payroll period for the fiscal year 2005. The actuarial  
11 accrued liability incurred for the provisions of K.S.A. 74-49,109 *et seq.*  
12 and amendments thereto shall be amortized over 10 years.

13 (10) *The cost of the postretirement benefit payment provided pursu-*  
14 *ant to the provisions of section 1, and amendments thereto, shall be paid*  
15 *in the fiscal year commencing on July 1, 2005.*

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

21 ~~(11)~~ (12) For employers affiliating on and after January 1, 1999, the  
22 rates of contribution certified to the participating employer as provided  
23 in this section shall apply during the fiscal year immediately following  
24 such certification, but the rate of contribution during the first year fol-  
25 lowing the employer's entry date shall be equal to 7% of the amount of  
26 compensation on which members contribute during the year. Any amount  
27 of such first year's contribution which may be in excess of the necessary  
28 current service contribution shall be credited by the board to the respec-  
29 tive employer's prior service liability.

30 ~~(12)~~ (13) Employer contributions shall in no way be limited by any  
31 other act which now or in the future establishes or limits the compen-  
32 sation of any member.

33 ~~(13)~~ (14) Notwithstanding any provision of law to the contrary, each  
34 participating employer shall remit quarterly, or as the board may other-  
35 wise provide, all employee deductions and required employer contribu-  
36 tions to the executive director for credit to the Kansas public employees  
37 retirement fund within three days after the end of the period covered by  
38 the remittance by electronic funds transfer. Remittances of such deduc-  
39 tions and contributions received after such date are delinquent. Delin-  
40 quent payments due under this subsection shall be subject to interest at  
41 the rate established for interest on judgments under subsection (a) of  
42 K.S.A. 16-204 and amendments thereto. At the request of the board,  
43 delinquent payments which are due or interest owed on such payments,

1 or both, may be deducted from any other moneys payable to such em-  
2 ployer by any department or agency of the state.  
3 Sec. 3. K.S.A. 2004 Supp. 74-4920 is hereby repealed.  
4 Sec. 4. This act shall take effect and be in force from and after its  
5 publication in the statute book.