*SESSION OF 2007*

# SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2385

As Recommended by House Committee on Appropriations

## Brief*

HB 2385 would transfer administration of the Kansas Public Employees Deferred Compensation Plan to the Kansas Public Employees Retirement System (KPERS) on January 1, 2008. The KPERS Board of Trustees would be assigned responsibility to administer the plan.

## Background

The Kansas Public Employees Deferred Compensation Plan provides a voluntary tax-sheltered savings program for state and local government employees. The program is established under federal Internal Revenue Code Section 457 to provide tax-exempt status for deposits in the Trust Fund of the qualified plan. Individuals self-direct their savings to a range of investment options offered by the plan's service provider, ING. The Department of Administration currently administers the program, with the Secretary of Administration and an oversight committee responsible for management of the plan.

The Joint Committee on Pensions, Investments and Benefits recommended introduction of the bill following a 2006 study of the topics assigned by the Legislative Coordinating Council. During the 2006 Interim, representatives of KPERS and the Department of Administration expressed support for the transfer. The KPERS Executive Director spoke in favor of the bill during House Committee hearings.

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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

The fiscal note indicates in FY 2008 there would be six months' expenses with a January 1, 2008 implementation date for KPERS. Expenditures are estimated at $129,000 in FY 2008, including the addition of 1.0 FTE position. In FY 2009, annualized expenditures are estimated at $233,000. Financing would continue to be from an assessment paid by participants in the plan and no KPERS financing would be used for this program.