

## HOUSE BILL No. 2702

By Committee on Pensions and Benefits

2-9

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1 AN ACT concerning retirement and pensions; relating to the Kansas public  
2 employees retirement system; elimination of cap on increase in  
3 employer contributions; amending K.S.A. 2011 Supp. 74-4914d and  
4 74-4920 and repealing the existing sections; also repealing K.S.A. 2010  
5 Supp. 74-4914d, as amended by section 1 of chapter 98 of the 2011  
6 Session Laws of Kansas and 74-4920, as amended by section 4 of  
7 chapter 98 of the 2011 Session Laws of Kansas.

8  
9 *Be it enacted by the Legislature of the State of Kansas:*

10 Section 1. K.S.A. 2011 Supp. 74-4914d is hereby amended to read as  
11 follows: 74-4914d. Any additional cost resulting from the normal  
12 retirement date and retirement before such normal retirement date for  
13 security officers as provided in K.S.A. 74-4914c, and amendments thereto,  
14 and disability benefits as provided in K.S.A. 74-4914e, and amendments  
15 thereto, shall be added to the employer rate of contribution for the  
16 department of corrections as otherwise determined under K.S.A. 74-4920,  
17 and amendments thereto, ~~except that the employer rate of contribution for~~  
18 ~~the department of corrections including any such additional cost added to~~  
19 ~~such employer rate of contribution pursuant to this section shall in no~~  
20 ~~event exceed the employer rate of contribution for the department of~~  
21 ~~corrections for the immediately preceding fiscal year by more than the~~  
22 ~~following amounts expressed as a percentage of compensation upon which~~  
23 ~~security officers contribute during the period: (a) For the fiscal year~~  
24 ~~commencing in calendar year 2006, an amount not to exceed more than~~  
25 ~~0.5% of the amount of the immediately preceding fiscal year; and (b) for~~  
26 ~~the fiscal year commencing in calendar year 2007, and in each subsequent~~  
27 ~~calendar year, an amount not to exceed more than 0.6% of the amount of~~  
28 ~~the immediately preceding fiscal year.~~

29 Sec. 2. K.S.A. 2011 Supp. 74-4920 is hereby amended to read as  
30 follows: 74-4920. (1) (a) Upon the basis of each annual actuarial valuation  
31 and appraisal as provided for in subsection (3)(a) of K.S.A. 74-4908, and  
32 amendments thereto, the board shall certify, on or before July 15 of each  
33 year, to the division of the budget in the case of the state and to the agent  
34 for each other participating employer an actuarially determined estimate of  
35 the rate of contribution which will be required, together with all  
36 accumulated contributions and other assets of the system, to be paid by

1 each such participating employer to pay all liabilities which shall exist or  
2 accrue under the system, including amortization of the actuarial accrued  
3 liability as determined by the board. The board shall determine the  
4 actuarial cost method to be used in annual actuarial valuations, to  
5 determine the employer contribution rates that shall be certified by the  
6 board. Such certified rate of contribution, amortization methods and  
7 periods and actuarial cost method shall be based on the standards set forth  
8 in subsection (3)(a) of K.S.A. 74-4908, and amendments thereto, and shall  
9 not be based on any other purpose outside of the needs of the system.

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

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

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

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

41 (4) Each participating employer is hereby authorized to pay the  
42 employer's contribution from the same fund that the compensation for  
43 which such contribution is made is paid from or from any other funds

1 available to it for such purpose. Each political subdivision, other than an  
2 instrumentality of the state; which is by law authorized to levy taxes for  
3 other purposes, may levy annually at the time of its levy of taxes; a tax  
4 which may be in addition to all other taxes authorized by law for the  
5 purpose of making its contributions under this act and, in the case of cities  
6 and counties, to pay a portion of the principal and interest on bonds issued  
7 under the authority of K.S.A. 12-1774, and amendments thereto, by cities  
8 located in the county, which tax, together with any other fund available,  
9 shall be sufficient to enable it to make such contribution. In lieu of levying  
10 the tax authorized in this subsection, any taxing subdivision may pay such  
11 costs from any employee benefits contribution fund established pursuant to  
12 K.S.A. 12-16,102, and amendments thereto. Each participating employer  
13 which is not by law authorized to levy taxes as described above, but which  
14 prepares a budget for its expenses for the ensuing year and presents the  
15 same to a governing body which is authorized by law to levy taxes as  
16 described above, may include in its budget an amount sufficient to make  
17 its contributions under this act which may be in addition to all other taxes  
18 authorized by law. Such governing body to which the budget is submitted  
19 for approval; may levy a tax sufficient to allow the participating employer  
20 to make its contributions under this act, which tax, together with any other  
21 fund available, shall be sufficient to enable the participating employer to  
22 make the contributions required by this act.

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

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

33 ~~(ii) Except as specifically provided in this subsection, for the fiscal~~  
34 ~~years commencing in the following calendar years, the rate of contribution~~  
35 ~~certified to the state of Kansas and to the participating employers under~~  
36 ~~K.S.A. 74-4931, and amendments thereto shall in no event exceed the~~  
37 ~~state's contribution rate for the immediately preceding fiscal year by more~~  
38 ~~than the following amounts expressed as a percentage of compensation~~  
39 ~~upon which members contribute during the period: (A) For the fiscal year~~  
40 ~~commencing in calendar year 2005, an amount not to exceed more than~~  
41 ~~0.4% of the amount of the immediately preceding fiscal year; (B) for the~~  
42 ~~fiscal year commencing in calendar year 2006, an amount not to exceed~~  
43 ~~more than 0.5% of the amount of the immediately preceding fiscal year;~~

1 and (C) for the fiscal year commencing in calendar year 2007 and in each  
2 subsequent calendar year, an amount not to exceed more than 0.6% of the  
3 amount of the immediately preceding fiscal year.

4 ~~(iii) Except as specifically provided in this section, for fiscal years~~  
5 ~~commencing in calendar year 1997 and in each subsequent calendar year,~~  
6 ~~the rate of contribution certified to participating employers other than the~~  
7 ~~state of Kansas shall in no event exceed such participating employer's~~  
8 ~~contribution rate for the immediately preceding fiscal year by more than~~  
9 ~~0.15% of the amount of compensation upon which members contribute~~  
10 ~~during the period.~~

11 ~~(iv) Except as specifically provided in this subsection, for the fiscal~~  
12 ~~years commencing in the following calendar years, the rate of contribution~~  
13 ~~certified to participating employers other than the state of Kansas shall in~~  
14 ~~no event exceed the contribution rate for such employers for the~~  
15 ~~immediately preceding fiscal year by more than the following amounts~~  
16 ~~expressed as a percentage of compensation upon which members~~  
17 ~~contribute during the period: (A) For the fiscal year commencing in~~  
18 ~~calendar year 2006, an amount not to exceed more than 0.4% of the~~  
19 ~~amount of the immediately preceding fiscal year; (B) for the fiscal year~~  
20 ~~commencing in calendar year 2007, an amount not to exceed more than~~  
21 ~~0.5% of the amount of the immediately preceding fiscal year; and (C) for~~  
22 ~~the fiscal year commencing in calendar year 2008 and in each subsequent~~  
23 ~~calendar year, an amount not to exceed more than 0.6% of the amount of~~  
24 ~~the immediately preceding fiscal year.~~

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

32 ~~(vi)(ii) There shall be a combined employer rate of contribution~~  
33 ~~certified to the state of Kansas and participating employers under K.S.A.~~  
34 ~~74-4931, and amendments thereto. There shall be a separate employer rate~~  
35 ~~of contribution certified to all other participating employers.~~

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

1 4931, and amendments thereto.

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

5 (7) The actuarial cost of the provisions of K.S.A. 74-4950i, *and*  
6 *amendments thereto*, will be included in the June 30, 1998, actuarial  
7 valuation in determining contribution rates for participating employers.  
8 The actuarial accrued liability incurred for the provisions of K.S.A. 74-  
9 4950i, *and amendments thereto*, shall be amortized over 15 years.

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

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

21 (10) The cost of the postretirement benefit payment provided  
22 pursuant to the provisions of K.S.A. 2011 Supp. 74-49,114b, and  
23 amendments thereto, for retirants other than local retirants as described in  
24 subsection (11) or insured disability benefit recipients shall be paid in the  
25 fiscal year commencing on July 1, 2007.

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

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

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

41 (14) The board with the advice of the actuary may fix the contribution  
42 rates for participating employers joining the system after one year from the  
43 first entry date or for employers who exercise the option contained in

1 K.S.A. 74-4912, and amendments thereto, at rates different from the rate  
2 fixed for employers joining within one year of the first entry date.

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

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

15 (17) Notwithstanding any provision of law to the contrary, each  
16 participating employer shall remit quarterly, or as the board may otherwise  
17 provide, all employee deductions and required employer contributions to  
18 the executive director for credit to the Kansas public employees retirement  
19 fund within three days after the end of the period covered by the  
20 remittance by electronic funds transfer. Remittances of such deductions  
21 and contributions received after such date are delinquent. Delinquent  
22 payments due under this subsection shall be subject to interest at the rate  
23 established for interest on judgments under subsection (a) of K.S.A. 16-  
24 204, and amendments thereto. At the request of the board, delinquent  
25 payments which are due or interest owed on such payments, or both, may  
26 be deducted from any other moneys payable to such employer by any  
27 department or agency of the state.

28 Sec. 3. K.S.A. 2010 Supp. 74-4914d, as amended by section 1 of  
29 chapter 98 of the 2011 Session Laws of Kansas, and 74-4920, as amended  
30 by section 4 of chapter 98 of the 2011 Session Laws of Kansas, and K.S.A.  
31 2011 Supp. 74-4914d and 74-4920 are hereby repealed.

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

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