



Kansas Legislative Research Department

Providing nonpartisan, objective research and fiscal analysis for the Kansas Legislature since 1934

68-West-Statehouse | 300 SW 10th Ave. | Topeka, Kansas 66612-1504
(785) 296-3181

kslegres@klrd.ks.gov

kslegislature.org/klrd

February 6, 2023

To: House Committee on Financial Institutions and Pensions

From: Steven Wu, Senior Fiscal Analyst

Re: HB 2102 – Making appropriations for FY 2023 for the state treasurer for the repurchase of certain KPERS pension obligation revenue bonds

Brief

HB 2102 would appropriate \$250.0 million from the State General Fund (SGF) to the Office of the State Treasurer (Treasurer) for the purpose of purchasing some, or all, of the outstanding portion of Kansas Development Finance Authority (KDFA) Series 2021K bonds. The bill would authorize the Treasurer to purchase any outstanding bond, at any one or more maturities, either whole or in part, and at prices reflecting a discount of up to 75.0 percent of the principal amount at maturity.

Background

The 2021 Legislature passed [HB 2405](#), which authorized the KDFA to issue bonds, in one or more series, in an amount not to exceed \$500.0 million, plus all amounts required to pay the costs of issuance. Proceeds from those bonds were applied to the unfunded actuarial pension liability (UAL) of the Kansas Public Employees Retirement System (KPERS). The interest rate of those bonds could not exceed 4.3 percent. The bill became effective upon its publication in the *Kansas Register* (April 29, 2021).

The bonds was issued for a total cost of \$504.5 million, including costs of issuance, for a total interest rate of 2.65 percent. The KPERS Trust Fund received a transfer of \$500.0 million on August 26, 2021. Series 2021K is structured as level fiscal year debt service with a \$300.0 million term bond maturing on May 1, 2051. The table on the following page contains details on the bonds, including maturity dates and principal amounts.

KDFA Series 2021K Bonds		
Maturity (May 1)	Type of Bond	Principal Amount
2022	Serial	\$ 16,420,000
2023	Serial	12,810,000
2024	Serial	12,860,000
2025	Serial	12,950,000
2026	Serial	13,070,000
2027	Serial	13,220,000
2028	Serial	13,400,000
2029	Serial	13,605,000
2030	Serial	13,835,000
2031	Serial	14,085,000
2032	Serial	14,350,000
2033	Serial	14,640,000
2034	Serial	14,955,000
2035	Serial	15,280,000
2036	Serial	9,055,000
2051	Term	300,000,000
		\$ 504,535,000