

SENATE BILL No. 236

By Senators Hensley, Betts, Francisco, Gilstrap, Haley and Kelly

2-9

9 AN ACT concerning retirement and pensions; relating to the Kansas
10 public employees retirement system and systems thereunder; postre-
11 tirement benefit adjustment; amending K.S.A. 2004 Supp. 74-4920
12 and repealing the existing section.
13

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

15 New Section 1. (a) The retirement benefit, pension or annuity pay-
16 ments accruing after June 30, 2005, to each retirant shall be increased by
17 an amount equal to 3.0% of the retirement benefit, pension or annuity
18 payment in effect on July 1, 2005, from the retirant's retirement system
19 and shall be paid by such retirement system to the retirant and the local
20 school annuitant during such period.

21 (b) As used in this section:

22 (1) "Retirant" means (A) any person who is a member of a retirement
23 system and who retired prior to July 1, 2004, (B) any person who is a
24 special member of a retirement system and who retired prior to July 1,
25 2004, (C) any person who is a joint annuitant or beneficiary of any mem-
26 ber described in clause (A) or any special member described in clause
27 (B) and (D) any long-term disability benefit recipient.

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

31 (3) "Long-term disability recipient" means any person receiving a
32 long-term disability benefit under K.S.A. 74-4927, and amendments
33 thereto, prior to July 1, 2004.

34 Sec. 2. K.S.A. 2004 Supp. 74-4920 is hereby amended to read as
35 follows: 74-4920. (1) (a) Upon the basis of each annual actuarial valuation
36 and appraisal as provided for in subsection (3)(a) of K.S.A. 74-4908, and
37 amendments thereto, the board shall certify, on or before July 15 of each
38 year, to the division of the budget in the case of the state and to the agent
39 for each other participating employer an actuarially determined estimate
40 of the rate of contribution which will be required, together with all ac-
41 cumulated contributions and other assets of the system, to be paid by
42 each such participating employer to pay all liabilities which shall exist or
43 accrue under the system, including amortization of the actuarial accrued

1 liability as determined by the board. The board shall determine the ac-
2 tuarial cost method to be used in annual actuarial valuations, to determine
3 the employer contribution rates that shall be certified by the board. Such
4 certified rate of contribution, amortization methods and periods and ac-
5 tuarial cost method shall be based on the standards set forth in subsection
6 (3)(a) of K.S.A. 74-4908, and amendments thereto and shall not be based
7 on any other purpose outside of the needs of the system.

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

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

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

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

39 (4) Each participating employer is hereby authorized to pay the em-
40 ployer's contribution from the same fund that the compensation for which
41 such contribution is made is paid from or from any other funds available
42 to it for such purpose. Each political subdivision, other than an instru-
43 mentality of the state, which is by law authorized to levy taxes for other

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

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

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

31 (ii) Except as specifically provided in this subsection, for the fiscal
32 years commencing in the following calendar years, the rate of contribution
33 certified to the state of Kansas shall in no event exceed the state's con-
34 tribution rate for the immediately preceding fiscal year by more than the
35 following amounts expressed as a percentage of compensation upon
36 which members contribute during the period: (A) For the fiscal year
37 commencing in calendar year 2005, an amount not to exceed more than
38 0.4% of the amount of the immediately preceding fiscal year; (B) for the
39 fiscal year commencing in calendar year 2006, an amount not to exceed
40 more than 0.5% of the amount of the immediately preceding fiscal year;
41 and (C) for the fiscal year commencing in calendar year 2007 and in each
42 subsequent calendar year, an amount not to exceed more than 0.6% of
43 the amount of the immediately preceding fiscal year.

- 1 (iii) Except as specifically provided in this section, for fiscal years
2 commencing in calendar year 1997 and in each subsequent calendar year,
3 the rate of contribution certified to participating employers other than
4 the state of Kansas shall in no event exceed such participating employer's
5 contribution rate for the immediately preceding fiscal year by more than
6 0.15% of the amount of compensation upon which members contribute
7 during the period.
- 8 (iv) Except as specifically provided in this subsection, for the fiscal
9 years commencing in the following calendar years, the rate of contribution
10 certified to participating employers other than the state of Kansas shall
11 in no event exceed the contribution rate for such employers for the im-
12 mediately preceding fiscal year by more than the following amounts ex-
13 pressed as a percentage of compensation upon which members contribute
14 during the period: (A) For the fiscal year commencing in calendar year
15 2006, an amount not to exceed more than 0.4% of the amount of the
16 immediately preceding fiscal year; (B) for the fiscal year commencing in
17 calendar year 2007, an amount not to exceed more than 0.5% of the
18 amount of the immediately preceding fiscal year; and (C) for the fiscal
19 year commencing in calendar year 2008 and in each subsequent calendar
20 year, an amount not to exceed more than 0.6% of the amount of the
21 immediately preceding fiscal year.
- 22 (v) There shall be an employer rate of contribution certified to the
23 state of Kansas. There shall be a separate employer rate of contribution
24 certified to participating employers under K.S.A. 74-4931, and amend-
25 ments thereto. There shall be a separate employer rate of contribution
26 certified to all other participating employers.
- 27 (6) The actuarial cost of any legislation enacted in the 1994 session
28 of the Kansas legislature will be included in the June 30, 1994, actuarial
29 valuation in determining contribution rates for participating employers.
- 30 (7) The actuarial cost of the provisions of K.S.A. 74-4950i, *and*
31 *amendments thereto* will be included in the June 30, 1998, actuarial val-
32 uation in determining contribution rates for participating employers. The
33 actuarial accrued liability incurred for the provisions of K.S.A. 74-4950i,
34 *and amendments thereto* shall be amortized over 15 years.
- 35 (8) Except as otherwise provided by law, the actuarial cost of any
36 legislation enacted by the Kansas legislature, except the actuarial cost of
37 K.S.A. 74-49,114a, and amendments thereto, shall be in addition to the
38 employer contribution rates certified for the employer contribution rate
39 in the fiscal year immediately following such enactment.
- 40 (9) Notwithstanding the provisions of subsection (8), the actuarial
41 cost of the provisions of K.S.A. 74-49,109 *et seq.*, and amendments thereto
42 shall be first reflected in employer contribution rates effective with the
43 first day of the first payroll period for the fiscal year 2005. The actuarial

1 accrued liability incurred for the provisions of K.S.A. 74-49,109 *et seq.*,
2 and amendments thereto shall be amortized over 10 years.

3 (10) *The actuarial accrued liability incurred for the provisions of sec-*
4 *tion 1, and amendments thereto, shall be amortized over 15 years.*

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

10 ~~(11)~~ (12) For employers affiliating on and after January 1, 1999, the
11 rates of contribution certified to the participating employer as provided
12 in this section shall apply during the fiscal year immediately following
13 such certification, but the rate of contribution during the first year fol-
14 lowing the employer's entry date shall be equal to 7% of the amount of
15 compensation on which members contribute during the year. Any amount
16 of such first year's contribution which may be in excess of the necessary
17 current service contribution shall be credited by the board to the respec-
18 tive employer's prior service liability.

19 ~~(12)~~ (13) Employer contributions shall in no way be limited by any
20 other act which now or in the future establishes or limits the compen-
21 sation of any member.

22 ~~(13)~~ (14) Notwithstanding any provision of law to the contrary, each
23 participating employer shall remit quarterly, or as the board may other-
24 wise provide, all employee deductions and required employer contribu-
25 tions to the executive director for credit to the Kansas public employees
26 retirement fund within three days after the end of the period covered by
27 the remittance by electronic funds transfer. Remittances of such deduc-
28 tions and contributions received after such date are delinquent. Delin-
29 quent payments due under this subsection shall be subject to interest at
30 the rate established for interest on judgments under subsection (a) of
31 K.S.A. 16-204, and amendments thereto. At the request of the board,
32 delinquent payments which are due or interest owed on such payments,
33 or both, may be deducted from any other moneys payable to such em-
34 ployer by any department or agency of the state.

35 Sec. 3. K.S.A. 2004 Supp. 74-4920 is hereby repealed.

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