

SENATE BILL No. 435

By Committee on Financial Institutions and Insurance

2-2

1 AN ACT concerning retirement and pensions; relating to the Kansas public
2 employees retirement system and systems thereunder; authorizing the
3 board of trustees to elect the vice chairperson of the board; requiring
4 newly affiliated employers of the Kansas police and firemen's
5 retirement system to contribute at the actuarial required rate for past
6 and future service; repealing certain working after retirement statutes
7 for state and local elected officials; amending K.S.A. 74-4967 and
8 K.S.A. 2025 Supp. 74-4905 and repealing the existing sections; also
9 repealing K.S.A. 74-4915b and 74-4915c.

10

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

12 Section 1. K.S.A. 2025 Supp. 74-4905 is hereby amended to read as
13 follows: 74-4905. (a) On July 1, 1993, the board of trustees of the Kansas
14 public employees retirement system, as such board existed on June 30,
15 1993, is hereby abolished. On July 1, 1993, there is hereby established a
16 new board of trustees of the Kansas public employees retirement system.
17 Such board established on July 1, 1993, shall consist of nine members, as
18 follows:

19 (1) Six appointed members, four appointed by the governor subject to
20 confirmation by the senate as provided in K.S.A. 75-4315b, and
21 amendments thereto, one appointed by the president of the senate and one
22 appointed by the speaker of the house of representatives. Except as
23 provided by K.S.A. 46-2601, and amendments thereto, no person
24 appointed to the board whose appointment is subject to confirmation, shall
25 exercise any power, duty or function as a member of the board until
26 confirmed by the senate. No more than two members of the board whose
27 appointment is subject to confirmation shall be from the same political
28 party;

29 (2) two retirement system members elected by the members and
30 retirants of the system as provided in K.S.A. 74-4909(12), and
31 amendments thereto. As provided in this subsection, only active and
32 retired members of the system shall be eligible to be elected to the board
33 and only active and retired members of the system shall be eligible to elect
34 the two retirement system members pursuant to this subsection. Inactive
35 members shall not be eligible to be elected to the board nor to elect the two
36 retirement system members elected pursuant to this subsection. If a

1 member elected to the board as provided in this subsection becomes
2 inactive, such member is disqualified from service on the board and such
3 member's board position shall be vacant and such vacancy shall be filled
4 as provided in subsection (b)(1). Of the two retirement system members
5 elected pursuant to this subsection, one shall be a member of the
6 retirement system who is in school employment as provided in K.S.A. 74-
7 4931 et seq., and amendments thereto and one shall be a member of the
8 retirement system other than a member who is in school employment. For
9 purposes of this subsection, retirement system means the Kansas public
10 employees retirement system, the Kansas police and firemen's retirement
11 system and the retirement system for judges; and

12 (3) the state treasurer.

13 (b) (1) Except as provided by this paragraph and paragraph (2), all
14 members of the board as provided in subsection (a)(1) and (a)(2) shall
15 serve four-year terms, except that of the members first appointed by the
16 governor, two shall be appointed for two-year terms and the member
17 appointed by the speaker of the house of representatives shall be appointed
18 for a two-year term. The governor shall designate the term for which each
19 of the members first appointed shall serve. All members appointed to fill
20 vacancies in the membership of the board and all members appointed to
21 succeed members appointed to membership on the board shall be
22 appointed in like manner as that provided for the original appointment of
23 the member succeeded. All members appointed to fill vacancies of a
24 member of the board appointed by the governor, the president of the senate
25 or the speaker of the house of representatives shall be appointed to fill the
26 unexpired term of such member. All vacancies on the board by a member
27 elected by the members and retirants of the system shall be filled by the
28 board as provided by rules and regulations adopted as provided in K.S.A.
29 74-4909(12), and amendments thereto.

30 (2) Except as provided in K.S.A. 46-2601, and amendments thereto,
31 no person appointed to the board by the governor shall exercise any power,
32 duty or function as a member of the board until confirmed by the senate.
33 The terms of members appointed by the governor who are serving on the
34 board on the effective date of this act shall expire on January 15, of the
35 year in which such member's term would have expired under the
36 provisions of this section prior to amendment by this act. Thereafter,
37 members shall be appointed for terms of four years and until their
38 successors are appointed and confirmed.

39 (c) The board shall elect a chairperson of the board at the first regular
40 meeting held on or after July 1, 1993, and at each annual meeting
41 thereafter from the members of the board. The chairperson shall preside
42 over meetings of the board and perform such other duties as required by
43 the board.

1 (d) *The*~~Following~~ *the election of a* chairperson, *the board* shall
2 ~~appoint~~ *elect* another board member as ~~vice chairperson~~ *vice chairperson*,
3 and the ~~vice chairperson~~ *vice chairperson* shall perform the duties of
4 chairperson in the absence of the chairperson or upon the chairperson's
5 inability or refusal to act.

6 (e) The six members appointed pursuant to subsection (a)(1) shall
7 have demonstrated experience in the financial affairs of a public or private
8 organization or entity~~which that~~ employs 100 or more employees or had
9 at least five years' experience in the field of investment management or
10 analysis, actuarial analysis or administration of an employee benefit plan.

11 (f) No person shall serve on the board if such person has knowingly
12 acquired a substantial interest in any nonpublicly traded investment made
13 with moneys of the fund. Any such person who knowingly acquires such
14 an interest shall vacate such member's position on the board and shall be
15 guilty of a class A misdemeanor. For purposes of this subsection,
16 "substantial interest" means any of the following:

17 (1) If an individual or an individual's spouse, either individually or
18 collectively, has owned within the preceding 12 months a legal or
19 equitable interest exceeding \$5,000 or 5% of any business, whichever is
20 less, the individual has a substantial interest in that business.

21 (2) If an individual or an individual's spouse, either individually or
22 collectively, has received during the preceding calendar year compensation
23 ~~which that~~ is or will be required to be included as taxable income on
24 federal income tax returns of the individual and spouse in an aggregate
25 amount of \$2,000 from any business or combination of businesses, the
26 individual has a substantial interest in that business or combination of
27 businesses.

28 (3) If an individual or an individual's spouse holds the position of
29 officer, director, associate, partner or proprietor of any business, the
30 individual has a substantial interest in that business, irrespective of the
31 amount of compensation received by the individual or individual's spouse.

32 (4) If an individual or an individual's spouse receives compensation
33 ~~which that~~ is a portion or percentage of each separate fee or commission
34 paid to a business or combination of businesses, the individual has a
35 substantial interest in any client or customer who pays fees or
36 commissions to the business or combination of businesses from which fees
37 or commissions the individual or the individual's spouse, either
38 individually or collectively, received an aggregate of \$2,000 or more in the
39 preceding calendar year.

40 (5) If an individual or an individual's spouse has received a loan from
41 or received financing from any bank, savings and loan, credit union or any
42 other financial institution in an amount~~which that~~ exceeds \$2,000, the
43 individual has a substantial interest in that financial institution.

1 (6) As used in this subsection, "client or customer" means a business
2 or combination of businesses.

3 (7) Any person who serves on the board shall fully disclose any
4 substantial interest that such person has in any publicly traded investment
5 made with moneys of the fund.

6 (g) No person who serves on the board shall be employed for a period
7 of two years commencing on the date the person no longer serves on the
8 board and ending two years after such date with any organization in which
9 moneys of the fund were invested, except that the employment limitation
10 contained in this subsection shall not apply if such person's employment is
11 with an organization whose stock or other evidences of ownership are
12 traded on the public stock or bond exchanges.

13 (h) All members of the board named, appointed or elected to the
14 board shall be fingerprinted and to submit to a state and national criminal
15 background check in accordance with K.S.A. 2025 Supp. 22-4714, and
16 amendments thereto. The committee, in accordance with K.S.A. 75-4319,
17 and amendments thereto, shall recess for a closed or executive meeting to
18 receive and discuss information received by the committee pursuant to this
19 subsection.

20 (i) All of the powers, duties and functions of the board of trustees of
21 the Kansas public employees retirement system as such board existed prior
22 to July 1, 1993, are hereby transferred to and conferred and imposed upon
23 the board of trustees established pursuant to this act. The board of trustees
24 of the Kansas public employees retirement system established pursuant to
25 this act shall be the successor in every way of the powers, duties and
26 functions of the board of trustees existing prior to July 1, 1993, in which
27 the same were vested prior to July 1, 1993.

28 Sec. 2. K.S.A. 74-4967 is hereby amended to read as follows: 74-
29 4967. (1) Upon the basis of an annual actuarial valuation and appraisal of
30 the system conducted in the manner provided for in K.S.A. 74-4908, and
31 amendments thereto, the board shall certify, on or before July 15 of each
32 year to each participating employer an actuarially determined estimate of
33 the rate of contribution—which that shall be required to be paid by each
34 such participating employer to pay all of the liabilities—which that shall
35 accrue under the system from and after the entry date as determined by the
36 board, upon recommendation of the actuary. Such rate shall be uniform for
37 all participating employers, and shall be comprised of a rate for benefits
38 accruing after June 30, 1993, and a rate for amortization of the additional
39 liability for benefits provided by this act—which that is attributable to
40 service rendered before July 1, 1993. Such additional liability shall be
41 amortized as determined by the board. The employer's rate of contribution
42 determined under this section shall not include the costs of administration
43 of the system.

1 (2) The board shall determine for each employer separately an
2 amount sufficient to amortize all liabilities for past service costs ~~which~~
3 *that* shall have accrued at the time of entry into the system. On the basis of
4 such determination the board shall annually certify to each participating
5 employer separately an actuarially determined estimate of the rate of
6 contribution ~~which~~ *that* shall be required to be paid by that participating
7 employer to pay all of the liabilities for such past service costs. Such rate
8 shall be termed the employer's prior service contribution. The board may
9 enter into agreements with any participating employer ~~which~~ *that* has
10 employees or retirants under the special pension systems established under
11 K.S.A. 13-14a01 ~~to~~ through 13-14a14, inclusive, and amendments thereto
12 or ~~K.S.A.~~ 14-10a01 ~~to~~ through 14-10a15, inclusive, and amendments
13 thereto, for the purpose of scheduling the payment of such past service
14 costs in an orderly manner, which will tend to stabilize the annual total
15 financial burden on such employers in meeting ~~their~~ *such employer's*
16 present and future obligations under this system and such special systems,
17 but in no event shall the annual prior service contribution be less than the
18 interest cost on the total of such past service liability.

19 (3) Each participating employer shall appropriate and pay to the
20 system a sum sufficient to satisfy the obligations under this act as certified
21 by the board.

22 (4) Each participating employer is hereby authorized to pay the
23 employer's contribution from the same fund that the compensation for
24 which such contribution is made is paid from or from any other funds
25 available to it for such purpose. Each employer may levy annually at the
26 time of its levy of taxes; a tax ~~which~~ *that* may be in addition to all other
27 taxes authorized by law for the purpose of making its contributions under
28 this act, and, in the case of cities and counties, to pay a portion of the
29 principal and interest on bonds issued by cities under the authority of
30 K.S.A. 12-1774, and amendments thereto, for the financing of
31 redevelopment projects upon property located in such county, which tax,
32 together with any other fund available, shall be sufficient to enable it to
33 make such contribution. In lieu of levying the tax authorized in this
34 subsection, any taxing subdivision may pay such costs from any employee
35 benefits contribution fund established pursuant to K.S.A. 12-16,102, and
36 amendments thereto.

37 (5) Employer contributions shall in no way be limited by any other
38 act ~~which~~ *that* now or in the future establishes or limits the compensation
39 of any member.

40 (6) ~~The rate of contribution certified to each participating employer as
41 provided in~~ *Each participating employer affiliating pursuant to the
42 provisions of this section shall apply during the fiscal year of such
43 participating employer which begins in the second calendar year following*

1 the year of the actuarial valuation, but the rate of contribution during the
2 first year following the employer's entry date shall be equal to 16% of the
3 amount of compensation on which members contribute during the year
4 appropriate and pay to the system a sum sufficient to satisfy the
5 obligations hereunder certified by the board.

6 (7) Each participating employer shall remit quarterly, or as the board
7 may otherwise provide, all employee deductions and required employer
8 contributions to the executive director for credit to the Kansas public
9 employees retirement fund within 20 days after the end of the period
10 covered by the remittance or within 25 days after forms or written
11 instructions from the system were mailed by the system to such employer,
12 whichever is later. Remittances of such deductions and contributions
13 received after such date are delinquent. Delinquent payments due under
14 this subsection (7) shall be subject to interest at the rate established for
15 interest on judgments under subsection (a) of K.S.A. 16-204(a), and
16 amendments thereto. At the request of the board, delinquent payments
17 which that are due or interest owed on such payments, or both, may be
18 deducted from any other moneys payable to such employer by any
19 department or agency of the state.

20 (8) Except as otherwise provided by law, the actuarial cost of any
21 legislation enacted by the Kansas legislature, except the actuarial cost of
22 K.S.A. 74-49,114a, shall be reflected in the employer contribution rate in
23 the fiscal year immediately following such enactment.

24 Sec. 3. K.S.A. 74-4915b, 74-4915c and 74-4967 and K.S.A. 2025
25 Supp. 74-4905 are hereby repealed.

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