

SENATE BILL No. 230

By Committee on Assessment and Taxation

2-10

1 AN ACT concerning income taxation; relating to qualified governmental
2 retirement plans under the federal internal revenue code; state income
3 tax treatment of certain pre-tax and Roth retirement contributions;
4 enacting the Kansas thrift savings plan act; establishing terms,
5 conditions and requirements related thereto; creating mandatory,
6 deferred compensation, employer and rollover accounts; providing for
7 plan document, membership elections, benefits, contributions,
8 distributions and prospective plan changes by the legislature; relating to
9 the Kansas public employees retirement system; employer contribution
10 rate; allowing total covered payroll to include compensation of thrift
11 savings plan members; amending K.S.A. 2022 Supp. 74-4920 and
12 repealing the existing section.
13

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

15 New Section 1. (a) The provisions of sections 1 through 14, and
16 amendments thereto, shall be known and may be cited as the Kansas thrift
17 savings plan act, and shall be effective on and after July 1, 2025.

18 (b) Any employee who is first employed by a participating employer
19 on or after July 1, 2025, shall be a member of the plan under the provisions
20 of this act on the first day of employment of such employee with such
21 participating employer.

22 (c) (1) The provisions of this act shall not apply to members of the
23 Kansas police and firemen's retirement system, K.S.A. 74-4951 et seq.,
24 and amendments thereto, the retirement system for judges, K.S.A. 20-2601
25 et seq., and amendments thereto, and security officers as provided in
26 K.S.A. 74-4914a, and amendments thereto.

27 (2) The provisions of this act shall not apply to members of the
28 Kansas public employees retirement system as provided in K.S.A. 74-4901
29 et seq., 74-49,201 et seq., and 74-49,301 et seq., and amendments thereto,
30 first employed by a participating employer prior to July 1, 2025, except as
31 specifically provided in this act.

32 New Sec. 2. Unless the context requires otherwise, terms that are
33 used in this act have the meanings set forth for them in K.S.A. 74-4902,
34 and amendments thereto, and the following definitions apply:

35 (a) "Act" means the Kansas thrift savings plan act, sections 1 through
36 14, and amendments thereto;

1 (b) "active plan member" or "plan member" means a thrift savings
2 plan member who is actively employed by a participating employer;

3 (c) "covered position" means a position with an affiliated employer
4 that is eligible for membership in the Kansas public employees retirement
5 system pursuant to the provisions of K.S.A. 74-4901 et seq., and
6 amendments thereto;

7 (d) "defined benefit plan" means the defined benefit plan for the
8 Kansas public employees retirement system, K.S.A. 74-4901 et seq., 74-
9 49,201 et seq. and 74-49,301 et seq., and amendments thereto, the Kansas
10 police and firemen's retirement system, K.S.A. 74-4951 et seq., and
11 amendments thereto, and the retirement system for judges, K.S.A. 20-2601
12 et seq., and amendments thereto;

13 (e) "deferred compensation plan" means the same as defined in
14 K.S.A. 74-49b08, and amendments thereto;

15 (f) "employee" means the same as defined in K.S.A. 74-4902, and
16 amendments thereto, except that only employees who are first employed
17 by a participating employer on or after July 1, 2025, or employees of a
18 participating employer that affiliates on or after July 1, 2025, shall be
19 subject to the provisions of this act. "Employee" includes employees as
20 provided in K.S.A. 74-4931 et seq., and amendments thereto, first
21 employed by a participating employer on or after July 1, 2025, or such
22 employees of a participating employer that affiliates on or after July 1,
23 2025;

24 (g) "first employed" means an employee who:

25 (1) Has not been an employee in a covered position of any
26 participating employer prior to July 1, 2025, and is employed by a
27 participating employer in a covered position on or after July 1, 2025;

28 (2) is a former member of the system who withdrew contribution
29 accounts before July 1, 2025, and who is again employed by a
30 participating employer in a covered position on or after July 1, 2025; or

31 (3) was an inactive nonvested member and who is again employed by
32 a participating employer in a covered position on or after July 1, 2025;

33 (h) "inactive nonvested member" means a member who has
34 terminated employment with a participating employer and who does not
35 have a vested retirement benefit in the system on July 1, 2025;

36 (i) "plan" or "thrift savings plan" means the thrift savings plan
37 established by section 3, and amendments thereto; and

38 (j) "qualified Roth contribution program" means a program described
39 in section 402A(b)(1) of the federal internal revenue code which meets the
40 requirements of section 402A(b)(2) of the federal internal revenue code.

41 New Sec. 3. (a) (1) The board shall establish a separate thrift savings
42 plan in accordance with the provisions of this act. The plan and related
43 trust shall be established with the primary objective of providing a share of

1 the retirement income needed to replace a member's preretirement standard
2 of living throughout retirement following a full career of employment and
3 to meet participating employers' objectives for recruiting and retaining
4 qualified employees. Maintaining the member's standard of living in
5 retirement shall include income from the plan in addition to social security,
6 personal savings and other retirement arrangements including from
7 nonparticipating employers. The plan shall be established as a pension
8 plan for the exclusive benefit of members and their beneficiaries and as a
9 qualified governmental plan pursuant to sections 401(a) and 414(d) of the
10 federal internal revenue code and its implementing regulations. Retirement
11 accounts shall be established for each thrift savings plan member. Assets
12 of the plan shall be held in trust for the exclusive benefit of participants
13 and their beneficiaries. The plan is established in addition to any
14 retirement, pension, deferred compensation or other benefit plan
15 administered by the state or a political subdivision thereof.

16 (2) As a component of the thrift savings plan, the board shall
17 establish a deferred compensation plan in accordance with section 457 of
18 the federal internal revenue code. Deferred compensation accounts shall be
19 established for each thrift savings plan member to allow for additional
20 elective contributions by members of the thrift savings plan. All moneys
21 deferred, transferred or rolled-over in accordance with the provisions of
22 the deferred compensation plan shall be held in trust in accordance with
23 section 457 of the federal internal revenue code, for the exclusive benefit
24 of participants and their beneficiaries. All employees subject to the
25 provisions of this act shall participate in the deferred compensation plan
26 unless an employee elects, in a manner prescribed by the board, not to
27 participate in such plan. Any amount of the member's salary or
28 compensation that is deferred on a pre-tax basis shall not be subject to
29 state income taxes for the year in which such sum is contributed but shall
30 be subject to applicable state income taxes for the year in which
31 distributions are received by the member. The board may utilize the
32 Kansas public employees deferred compensation act, K.S.A. 74-49b07
33 through 74-49b15, and amendments thereto, to implement the provisions
34 of this act.

35 (3) The board shall establish a qualified Roth contribution program
36 for members in both the thrift savings plan and the deferred compensation
37 plan. Any amounts contributed to a qualified Roth contribution program
38 shall be subject to state withholding and income taxes for the year in
39 which such sum is contributed to the program, but shall not be subject to
40 applicable state income taxes for the year in which distributions are
41 received by the member, unless the provisions of article 32 of chapter 79
42 of the Kansas Statutes Annotated, and amendments thereto, provide
43 otherwise.

1 (b) The board may enter into agreements with approved insurers,
2 investment managers or other contracting parties whereby benefits or
3 investment services under the thrift savings plan would be made available
4 to participants. The board may enter into an agreement with one or more
5 qualified private firms for consolidated billing services, participant
6 enrollment services, communications services, participant account
7 recordkeeping services and other services related to the administration of
8 the thrift savings plan.

9 (c) No significant costs shall be incurred by the state as a result of the
10 administration of this act unless such costs are recovered by the following
11 means: (1) A service charge collected from all participants; or (2) credit
12 allowances or reimbursement of specified plan expenses as provided under
13 agreements with one or more qualified private firms entered into pursuant
14 to subsection (b). The amount of any such significant costs incurred and to
15 be recovered by the state shall be determined by the board.

16 (d) The board is authorized to negotiate and enter into contracts with
17 qualified insurers, investment managers and other contracting parties for
18 the purposes of implementing and providing essential services for the thrift
19 savings plan, including acquisition of actuarial, investment, consulting,
20 auditing and other services necessary therefor. Contracts entered into
21 under this act shall be subject to the provisions of K.S.A. 75-3739, and
22 amendments thereto, and shall not be negotiated in accordance with the
23 provisions of K.S.A. 75-37,102, and amendments thereto, or K.S.A. 75-
24 37,132, and amendments thereto.

25 New Sec. 4. The legislature may, from time to time, prospectively
26 change the statutory provisions governing the plan and expressly reserve
27 the right to do so. The state of Kansas shall not be responsible for any loss
28 incurred by any member under the plan established pursuant to this act.

29 New Sec. 5. (a) This section shall not be implemented until the board
30 has obtained approval from the federal internal revenue service. The board
31 may implement the remainder of this act prior to implementation of this
32 section. This section is severable from the remainder of this act and shall
33 be repealed if the federal internal revenue service refuses to grant such
34 approval or issues an adverse decision.

35 (b) Except as otherwise provided in this act, an active member of the
36 defined benefit plan on July 1, 2025, or an inactive vested member of the
37 defined benefit plan who is again employed by a participating employer in
38 a covered position on or after July 1, 2025, may elect to become a member
39 of the thrift savings plan by making an election within a 90-day period
40 established by the board.

41 (c) (1) Elections made pursuant to this section shall be made on a
42 form and in a manner prescribed by the board.

43 (2) A defined benefit plan member failing to make an election

1 prescribed by this section remains a member of the defined benefit plan.

2 (3) An election under this section, including the default election
3 pursuant to subsection (c)(2), is a one-time irrevocable election.

4 (4) An election to become a member of the thrift savings plan is for
5 all of such member's credited service. An election to become a thrift
6 savings plan member terminates active membership in the defined benefit
7 plan and the service of such member on and after July 1, 2025, in the thrift
8 savings plan shall not be credited for the purposes of the defined benefit
9 plan. The system shall calculate the actuarial present value of such
10 member's accrued retirement benefit for all credited service prior to July 1,
11 2025, and shall transfer a lump-sum amount equal to such actuarial present
12 value to such member's rollover account. The actuarial present value shall
13 be determined by the actuary using the actuarial assumptions and tables
14 currently in use by the system and the member's attained age.

15 (d) A member in either the defined benefit plan or the thrift savings
16 plan who becomes inactive after an election under this section and who
17 returns to active membership remains in the plan previously elected.

18 (e) A member of the defined benefit plan who is subject to a domestic
19 relations order or an execution or income-withholding order may not
20 transfer to the thrift savings plan unless the order is modified to apply
21 under the thrift savings plan.

22 (f) (1) A member of the defined benefit plan who is purchasing
23 service credit through installment payments, either made directly to the
24 board or pursuant to a payroll deduction agreement, shall not transfer
25 membership to the thrift savings plan unless the member first completes
26 the contract for purchase of service credit.

27 (2) A member who files an election to transfer membership may
28 make a lump-sum payment for up to the balance of the service credit
29 remaining to be purchased prior to transferring, subject to the limitations
30 of section 415 of the federal internal revenue code. The lump-sum
31 payment, unless made by a rollover, shall be made with after-tax dollars.

32 (3) If a member who files an election to transfer membership fails to
33 complete the contract for purchase of service credit by the end of the
34 member's 90-day election window, the board shall terminate the service
35 purchase contract and credit the member with the prorated amount of
36 service credit purchased under the contract.

37 New Sec. 6. The board shall accept the rollover of contributions and
38 the income on those contributions from another eligible retirement plan to
39 the member's rollover account only to the extent allowed under the federal
40 internal revenue code.

41 New Sec. 7. (a) A thrift savings plan member's mandatory
42 contribution account includes the member's contributions and the income
43 on those contributions and is vested from the date that the employee

1 becomes a member of the plan.

2 (b) A thrift savings plan member's deferred compensation account
3 includes the member's elective contributions and the income on those
4 contributions and is vested from the date that the employee becomes a
5 member of the plan.

6 (c) A thrift savings plan member's employer contribution account
7 includes the employer's contributions and the income on those
8 contributions and is vested only when the member has a total of five years
9 of participating service in the thrift savings plan.

10 (d) A thrift savings plan member's rollover account includes the
11 member's rollovers of contributions made pursuant to section 5 or 6, and
12 amendments thereto, and income on those contributions and are vested
13 from the date that the contributions are credited to the account.

14 (e) If the thrift savings plan member's employer contribution account
15 is not vested upon termination of plan membership, as provided in this
16 section, the employer contributions and income are forfeited as provided in
17 section 8, and amendments thereto.

18 New Sec. 8. (a) (1) An active thrift savings plan member shall
19 contribute 6% of compensation to the member's mandatory contribution
20 account.

21 (2) Except as provided in subsection (d), an active plan member shall
22 initially contribute 1% of compensation to the member's deferred
23 compensation account and such contribution rate shall increase annually
24 by 1% of the active plan member's compensation until such active plan
25 member reaches a maximum contribution rate of 10% of compensation.
26 All contributions to a member's deferred compensation account under this
27 section shall be subject to the contribution limits under sections 415 and
28 457 of the federal internal revenue code. The board may implement this
29 subsection as an eligible automatic contribution arrangement under section
30 414(w) of the federal internal revenue code.

31 (b) (1) All contributions under subsection (a)(1) shall be picked up by
32 the employer via a salary reduction as provided in section 414(h)(2) of the
33 federal internal revenue code. An employer shall not pick up such
34 contributions without a corresponding salary reduction as provided in
35 section 414(h)(2) of the federal internal revenue code.

36 (2) Each participating employer shall establish a system of regular
37 payroll deductions to defer each payroll period the amounts from the
38 salary or compensation of each employee who is a member of the deferred
39 compensation plan in accordance with this act and the applicable
40 provisions of the federal internal revenue code.

41 (c) An active plan member's participating employer shall contribute
42 the following:

43 (1) 4% of compensation to the active plan member's employer

1 contribution account; and

2 (2) an additional 0.5% of compensation to the active plan member's
3 employer contribution account if such member contributes 1% of
4 compensation to the deferred compensation plan or an additional 1% of
5 compensation if such member contributes 2% or more of compensation to
6 the deferred compensation plan.

7 (d) An active plan member shall be permitted to adjust the amount of
8 elective contributions to such member's deferred compensation account at
9 least annually or on a more frequent basis as established by the board. All
10 contribution elections shall be made in 1% increments. An active plan
11 member shall be permitted to stop making contributions to such member's
12 deferred compensation account. An active plan member shall be permitted
13 to resume making contributions to such member's deferred compensation
14 account following any previous stoppage. The board shall develop and
15 make available to all plan members an electronic means for making
16 contribution elections to a member's deferred compensation account.

17 (e) Forfeitures of employer contributions and investment income on
18 the employer contributions may not be used to increase a plan member's
19 retirement account. The board shall allocate the forfeitures under this
20 section to meet the plan's administrative expenses, including startup
21 expenses.

22 New Sec. 9. (a) (1) The board shall create an investment policy
23 structured to meet the retirement income objectives established under
24 section 3(a), and amendments thereto. The board shall require in any
25 agreement with entities pursuant to section 3, and amendments thereto,
26 that the following investment alternatives under the thrift savings plan are
27 offered to members, including, but not limited to:

28 (A) A government securities investment fund;

29 (B) a fixed income index investment fund;

30 (C) a common stock index investment fund;

31 (D) a small capitalization stock index investment fund;

32 (E) an international stock index investment fund;

33 (F) an investment fund that mirrors or is similar to the investment
34 portfolio of the KPERS defined benefit plan; and

35 (G) hybrid funds mixing and matching various investment funds,
36 tailored to projected retirement years.

37 (2) (A) The board shall select an index that is a commonly recognized
38 index comprised of common stock the aggregate market value of which is
39 a reasonably complete representation of the United States equity markets.

40 (B) The common stock index investment fund shall be invested in a
41 portfolio designed to replicate the performance of the index selected under
42 subparagraph (A). The portfolio shall be designed such that, to the extent
43 practicable, the percentage of the large capitalization stock index

1 investment fund that is invested in each stock is the same as the percentage
2 determined by dividing the aggregate market value of all shares of that
3 stock by the aggregate market value of all shares of all stocks included in
4 such index.

5 (3) (A) The board shall select an index that is a commonly recognized
6 index comprised of common stock, the aggregate market value of which
7 represents the United States equity markets excluding the common stocks
8 included in the common stock index investment fund.

9 (B) The small capitalization stock index investment fund shall be
10 invested in a portfolio designed to replicate the performance of the index
11 in subparagraph (A). The portfolio shall be designed such that, to the
12 extent practicable, the percentage of the small capitalization stock index
13 investment fund that is invested in each stock is the same as the percentage
14 determined by dividing the aggregate market value of all shares of that
15 stock by the aggregate market value of all shares of all stocks included in
16 such index.

17 (4) (A) The board shall select an index that is a commonly recognized
18 index comprised of stock, the aggregate market value of which is a
19 reasonably complete representation of the international equity markets
20 excluding the United States equity markets.

21 (B) The international stock index investment fund shall be invested in
22 a portfolio designed to replicate the performance of the index in
23 subparagraph (A). The portfolio shall be designed such that, to the extent
24 practicable, the percentage of the international stock index investment
25 fund that is invested in each stock is the same percentage determined by
26 dividing the aggregate market value of all shares of that stock by the
27 aggregate market value of all shares of all stocks included in such index.

28 (b) The legislature may, from time to time, review the suitability and
29 management of investment alternatives established by this section and may
30 change the alternatives to be offered and expressly reserve the right to do
31 so. The board shall notify affected plan members of potential changes
32 before any changes become effective.

33 (c) The board shall establish a default investment option for any plan
34 member who does not have an effective investment direction. The board
35 may utilize a hybrid investment fund established pursuant to this section as
36 the default investment fund.

37 (d) Assets within each member's account shall be invested as directed
38 by the member within the investment alternatives established by the board.

39 (e) A plan member may elect the investment funds and alternatives
40 referred to in this section into which the sums in the member's accounts are
41 to be invested or reinvested. The board shall develop and make available
42 to all plan members an electronic means for investment allocation
43 elections. Elections to allocate existing account balances among the

1 various investment alternatives referred to in this section shall be
2 permitted on a daily basis. Elections to allocate future contributions among
3 the various investment alternatives referred to in this section shall be
4 permitted on a monthly basis. All investment elections shall be made in
5 1% increments. The sum of the percentages elected for all investment
6 alternatives shall equal 100%.

7 New Sec. 10. Any time after termination of service, a plan member or
8 the plan member's beneficiary may terminate plan membership by filing a
9 written application with the board and removing the plan member's vested
10 account balance from the plan through any combination of the following
11 payout options, each of which is subject to the provisions of the plan
12 document and the federal internal revenue code and the applicable
13 regulations of the federal internal revenue service:

- 14 (a) A direct rollover to an eligible retirement plan;
- 15 (b) a regular rollover to an eligible retirement plan;
- 16 (c) a lump-sum distribution of the plan member's vested account
17 balance; or
- 18 (d) an optional form of distribution offered by the board under section
19 11, and amendments thereto.

20 New Sec. 11. (a) Subject to the provisions of the plan document, a
21 plan member, after termination of service, may leave the plan member's
22 vested account balance in the plan, and the plan member is eligible for a
23 distribution as provided in this section.

24 (b) (1) After termination of service and upon filing a written
25 application with the board, a plan member may select any distribution
26 option provided by the plan document. The board shall make available
27 within the plan lifetime annuity options from an insurer including:

- 28 (A) Single-life;
- 29 (B) joint and survivor;
- 30 (C) period certain;
- 31 (D) qualified longevity annuity contracts; and
- 32 (E) other annuity forms as the board may choose to provide.

33 (2) The board shall create a default distribution option using a
34 lifetime annuity form.

35 (c) A plan member who is less than 65 years of age, or 70¹/₂ years of
36 age if the member was born before July 1, 1949, who returns to service
37 may not continue to receive a distribution under this section while actively
38 employed in a covered position except as may otherwise be required under
39 an applicable annuity contract provided under the plan.

40 (d) The plan document shall provide that distributions shall comply
41 with the minimum distribution requirements established in the federal
42 internal revenue code and applicable under K.S.A. 74-49,123, and
43 amendments thereto.

1 (e) The plan document may specify minimum account balances for
2 purposes of allowing benefit payment options and rollovers in accordance
3 with the federal internal revenue code.

4 New Sec. 12. A plan member's beneficiary shall be determined as
5 provided in the defined benefit plan regulations. Upon filing a written
6 application with the board after the death of a plan member, the plan
7 member's beneficiary is entitled to the plan member's vested account
8 balance.

9 New Sec. 13. Before termination of service, a plan member shall not
10 receive a refund of any portion of the plan member's vested account
11 balance.

12 New Sec. 14. A thrift savings plan member shall be eligible for
13 disability benefits provided to members of the defined benefit plan under
14 K.S.A. 74-4927, and amendments thereto.

15 Sec. 15. K.S.A. 2022 Supp. 74-4920 is hereby amended to read as
16 follows: 74-4920. (1) (a) Upon the basis of each annual actuarial valuation
17 and appraisal as provided for in K.S.A. 74-4908(3)(a), and amendments
18 thereto, the board shall certify, on or before July 15 of each year, to the
19 division of the budget in the case of the state and to the agent for each
20 other participating employer an actuarially determined estimate of the rate
21 of contribution that will be required, together with all accumulated
22 contributions and other assets of the system, to be paid by each such
23 participating employer to pay all liabilities that shall exist or accrue under
24 the system, including amortization of the actuarial accrued liability as
25 determined by the board. The board shall determine the actuarial cost
26 method to be used in annual actuarial valuations, to determine the
27 employer contribution rates that shall be certified by the board. Such
28 certified rate of contribution, amortization methods and periods and
29 actuarial cost method shall be based on the standards set forth in K.S.A.
30 74-4908(3)(a), and amendments thereto, and shall not be based on any
31 other purpose outside of the needs of the system.

32 (b) (i) For employers affiliating on and after January 1, 1999, upon
33 the basis of an annual actuarial valuation and appraisal of the system
34 conducted in the manner provided for in K.S.A. 74-4908, and amendments
35 thereto, the board shall certify, on or before July 15 of each year to each
36 such employer an actuarially determined estimate of the rate of
37 contribution that shall be required to be paid by each such employer to pay
38 all of the liabilities that shall accrue under the system from and after the
39 entry date as determined by the board, upon recommendation of the
40 actuary. Such rate shall be termed the employer's participating service
41 contribution and shall be uniform for all participating employers. Such
42 additional liability shall be amortized as determined by the board. For all
43 participating employers described in this section, the board shall determine

1 the actuarial cost method to be used in annual actuarial valuations to
2 determine the employer contribution rates that shall be certified by the
3 board.

4 (ii) The board shall determine for each such employer separately an
5 amount sufficient to amortize all liabilities for prior service costs that shall
6 have accrued at the time of entry into the system. On the basis of such
7 determination the board shall annually certify to each such employer
8 separately an actuarially determined estimate of the rate of contribution
9 that shall be required to be paid by that employer to pay all of the
10 liabilities for such prior service costs. Such rate shall be termed the
11 employer's prior service contribution.

12 (2) The division of the budget and the governor shall include in the
13 budget and in the budget request for appropriations for personal services
14 the sum required to satisfy the state's obligation under this act as certified
15 by the board and shall present the same to the legislature for allowance and
16 appropriation.

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

20 (4) Each participating employer is hereby authorized to pay the
21 employer's contribution from the same fund that the compensation for
22 which such contribution is made is paid from or from any other funds
23 available to it for such purpose. Each political subdivision, other than an
24 instrumentality of the state, that is by law authorized to levy taxes for other
25 purposes, may levy annually at the time of its levy of taxes, a tax that may
26 be in addition to all other taxes authorized by law for the purpose of
27 making its contributions under this act and, in the case of cities and
28 counties, to pay a portion of the principal and interest on bonds issued
29 under the authority of K.S.A. 12-1774, and amendments thereto, by cities
30 located in the county, which tax, together with any other fund available,
31 shall be sufficient to enable it to make such contribution. In lieu of levying
32 the tax authorized in this subsection, any taxing subdivision may pay such
33 costs from any employee benefits contribution fund established pursuant to
34 K.S.A. 12-16,102, and amendments thereto. Each participating employer
35 that is not by law authorized to levy taxes as described above, but that
36 prepares a budget for its expenses for the ensuing year and presents the
37 same to a governing body that is authorized by law to levy taxes as
38 described above, may include in its budget an amount sufficient to make
39 its contributions under this act which may be in addition to all other taxes
40 authorized by law. Such governing body to which the budget is submitted
41 for approval, may levy a tax sufficient to allow the participating employer
42 to make its contributions under this act, which tax, together with any other
43 fund available, shall be sufficient to enable the participating employer to

1 make the contributions required by this act.

2 (5) (a) The rate of contribution certified to a participating employer as
3 provided in this section shall apply during the fiscal year of the
4 participating employer that begins in the second calendar year following
5 the year of the actuarial valuation.

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

12 (ii) Except as specifically provided in this subsection, for the fiscal
13 years commencing in the following calendar years, the rate of contribution
14 certified to the state of Kansas and to the participating employers under
15 K.S.A. 74-4931, and amendments thereto, shall in no event exceed the
16 state's contribution rate for the immediately preceding fiscal year by more
17 than the following amounts expressed as a percentage of compensation
18 upon which members contribute during the period: (A) For the fiscal year
19 commencing in calendar years 2010 through 2012, an amount not to
20 exceed more than 0.6% of the amount of the immediately preceding fiscal
21 year; (B) for the fiscal year commencing in calendar year 2013, an amount
22 not to exceed more than 0.9% of the amount of the immediately preceding
23 fiscal year; (C) for the fiscal year commencing in calendar year 2014, an
24 amount not to exceed more than 1% of the amount of the immediately
25 preceding fiscal year; (D) for the fiscal year commencing in calendar year
26 2015, the employer rate of contribution shall be 10.91%; (E) for the fiscal
27 year commencing in calendar year 2016, the employer rate of contribution
28 shall be 10.81%, except as provided by section 37(b) of chapter 54 of 2017
29 Session Laws of Kansas, and amendments thereto, for the participating
30 employers under K.S.A. 74-4931, and amendments thereto; (F) for the
31 fiscal year commencing in calendar year 2017, the employer rate of
32 contribution shall be 12.01%; (G) for the fiscal year commencing in
33 calendar year 2021, the employer rate of contribution shall be 13.33%; (H)
34 for the fiscal year commencing in calendar year 2022, the employer rate of
35 contribution shall be 13.11%; and (I) in each subsequent calendar year, an
36 amount not to exceed more than 1.2% of the amount of the immediately
37 preceding fiscal year. *On and after July 1, 2025, for the purposes of this*
38 *section, member compensation shall include compensation of members of*
39 *the thrift savings plan established under sections 1 through 14, and*
40 *amendments thereto.*

41 (iii) Except as specifically provided in this section, for fiscal years
42 commencing in calendar year 1997 and in each subsequent calendar year,
43 the rate of contribution certified to participating employers other than the

1 state of Kansas shall in no event exceed such participating employer's
2 contribution rate for the immediately preceding fiscal year by more than
3 0.15% of the amount of compensation upon which members contribute
4 during the period.

5 (iv) Except as specifically provided in this subsection, for the fiscal
6 years commencing in the following calendar years, the rate of contribution
7 certified to participating employers other than the state of Kansas shall in
8 no event exceed the contribution rate for such employers for the
9 immediately preceding fiscal year by more than the following amounts
10 expressed as a percentage of compensation upon which members
11 contribute during the period: (A) For the fiscal year commencing in
12 calendar years 2010 through 2013, an amount not to exceed more than
13 0.6% of the amount of the immediately preceding fiscal year; (B) for the
14 fiscal year commencing in calendar year 2014, an amount not to exceed
15 more than 0.9% of the amount of the immediately preceding fiscal year;
16 (C) for the fiscal year commencing in calendar year 2015, an amount not
17 to exceed more than 1% of the amount of the immediately preceding fiscal
18 year; (D) for the fiscal year commencing in calendar year 2016, an amount
19 not to exceed more than 1.1% of the amount of the immediately preceding
20 fiscal year; and (E) for the fiscal year commencing in calendar year 2017,
21 and in each subsequent calendar year, an amount not to exceed more than
22 1.2% of the amount of the immediately preceding fiscal year. *On and after*
23 *July 1, 2025, for the purposes of this section, member compensation shall*
24 *include compensation of members of the thrift savings plan established*
25 *under sections 1 through 14, and amendments thereto.*

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

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

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

1 accumulation reserve for the participating employers under K.S.A. 74-
2 4931, and amendments thereto.

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

6 (7) The actuarial cost of the provisions of K.S.A. 74-4950i, and
7 amendments thereto, will be included in the June 30, 1998, actuarial
8 valuation in determining contribution rates for participating employers.
9 The actuarial accrued liability incurred for the provisions of K.S.A. 74-
10 4950i, and amendments thereto, shall be amortized over 15 years.

11 (8) Except as otherwise provided by law, the actuarial cost of any
12 legislation enacted by the Kansas legislature, except the actuarial cost of
13 K.S.A. 74-49,114a, and amendments thereto, shall be in addition to the
14 employer contribution rates certified for the employer contribution rate in
15 the fiscal year immediately following such enactment. Such actuarial cost
16 shall be determined by the qualified actuary employed or retained by the
17 system pursuant to K.S.A. 74-4908, and amendments thereto, and reported
18 to the system and the joint committee on pensions, investments and
19 benefits.

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

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

31 (11) The actuarial accrued liability incurred for the provisions of
32 K.S.A. 74-49,114b, and amendments thereto, for the KPERS local group
33 and retirants who were employees of local employers that affiliated with
34 the Kansas police and firemen's retirement system shall be amortized over
35 10 years.

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

41 (13) The actuarial accrued liability incurred for the provisions of
42 K.S.A. 74-49,114c, and amendments thereto, for the KPERS local group
43 and retirants who were employees of local employers that affiliated with

1 the Kansas police and firemen's retirement system shall be amortized over
2 10 years.

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

8 (15) Employer contributions shall in no way be limited by any other
9 act that now or in the future establishes or limits the compensation of any
10 member.

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

24 Sec. 16. K.S.A. 2022 Supp. 74-4920 is hereby repealed.

25 Sec. 17. This act shall take effect and be in force from and after its
26 publication in the statute book.