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MEMORADUM

To: Senate Committee on Ways and Means
From: David Wiese, Assistant Revisor
Date: February 17, 2012
Re: House Bill 2460, concerning KPERS

House bill 2460, as amended by the House Committee on Pensions and Benefits, provides that eligible employers who file an application to affiliate with KPERS have the option to affiliate for future service only. [Page 1, lines 14-26]

The bill also eliminates the 7% first-year contribution rate for employers because the statutory employer contribution rate for all KPERS plans is now higher than 7%. [Page 7, lines 27-35]

The House Committee added four technical amendments, at the request of KPERS and their tax counsel, which were deemed essential to KPERS obtaining an IRS determination letter confirming the KPERS Plan's compliance with the Internal Revenue Code. All four amendments are located in K.S.A. 74-49,123, which is the section that deals with the applicability of the Internal Revenue Code to the retirement system:

1. An amendment to the required minimum distributions provisions under K.S.A. 74-49,123(c)(3) to add a reference to "good faith interpretation" in accordance with new federal regulations. [Page 8, line 38]
2. An amendment to K.S.A. 74-49,123 in order to comply with the federal Heroes Earnings Assistance and Tax Relief Act of 2008 (HEART Act). [Page 13, lines 28-43; Page 14, lines 1-12; Page 17, lines 24-43; and Page 18, lines 1-8]
3. An amendment to clarify the definition of "eligible rollover distribution" under K.S.A. 74-49,123(c)(7)(D)(i). [Page 15, lines 27-30]
4. An amendment to K.S.A. 74-49,123(g)(4) to update the section 415 provisions relating to the applicable mortality table for benefit testing. [Page 18, lines 40-41]

Senate Ways and Means
Date: 02-17-2012
Attachment: 7