

March 18, 2013

The Honorable Steven Johnson, Chairperson  
House Committee on Pensions and Benefits  
Statehouse, Room 286-N  
Topeka, Kansas 66612

Dear Representative Johnson:

SUBJECT: Fiscal Note for HB 2403 by House Committee on Appropriations

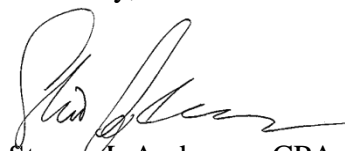
In accordance with KSA 75-3715a, the following fiscal note concerning HB 2403 is respectfully submitted to your committee.

HB 2403 would authorize the issuance of \$1.5 billion in bonds for the Unfunded Actuarial Liability (UAL) of the Kansas Public Employee Retirement System (KPERS) State/School Group. The Kansas Development Finance Authority (KDFFA) would be authorized to issue one or more revenue bonds not to exceed \$1.5 billion plus the costs of issuance. The bonds would be subject to the approval of the State Finance Council and a maximum 5.0 percent interest rate on the bonds.

According to KPERS consultations with KDFFA, the estimated debt service payment on a \$1.5 billion 30-year bond would be approximately \$86.3 million annually. It is assumed that this amount would be paid from the State General Fund.

Under current law, the total employer contributions to KPERS from FY 2013 to FY 2034 are estimated to total \$20.9 billion. KPERS estimates that the addition of \$1.5 billion toward the UAL would reduce employer contributions over the same time period to \$17.3 billion for a savings of approximately \$3.7 billion. Also, the current peak employer contribution rate for the State/School Group is estimated to be 17.26 percent. HB 2403 would reduce that peak rate to 14.11 percent. The bill would take effect upon its publication in the *Kansas Register*. Any fiscal effect associated with HB 2403 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA  
Director of the Budget

cc: Faith Loretto, KPERS  
Nancy Wolfe, KDFFA