

As Amended by Senate Committee

{As Amended by House Committee of the Whole}

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Session of 2021

HOUSE BILL No. 2405

By Committee on Appropriations

2-18

1 AN ACT concerning retirement and pensions; relating to the Kansas public
2 employees retirement system; authorizing the issuance of revenue
3 bonds to finance the unfunded actuarial pension liability of KPERS;
4 providing requirements, limitations and procedures for the Kansas
5 development finance authority, department of administration and the
6 state finance council pertaining to such bonds.
7

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

9 Section 1. (a) ~~(1) Except as provided by paragraph (2), for the~~
10 ~~purpose of financing a portion of the unfunded actuarial pension liability~~
11 ~~of the Kansas public employees retirement system, the Kansas~~
12 ~~development finance authority is hereby authorized to issue one or more~~
13 ~~series of revenue bonds under the Kansas development finance authority~~
14 ~~act in an amount necessary to provide a deposit or deposits to the Kansas~~
15 ~~public employees retirement system in a total amount not to exceed~~
16 ~~\$1,000,000,000 plus all amounts required to pay the costs of issuance of~~
17 ~~the bonds, including any credit enhancement, interest costs and to provide~~
18 ~~any required reserves for the bonds. No bonds shall be issued until such~~
19 ~~issuance has been approved by a resolution of the state finance council.~~
20 ~~The principal amount, interest rates and final maturity of such revenue~~
21 ~~bonds and any bonds issued to refund such bonds or parameters for such~~
22 ~~principal amount, interest rates and final maturity shall be approved by a~~
23 ~~resolution of the state finance council, except that, for any one or more~~
24 ~~series of revenue bonds issued pursuant to this section, such interest rate,~~
25 ~~all inclusive cost, shall not exceed 3.5%. The bonds, and interest~~
26 ~~thereon, issued pursuant to this section shall be payable from moneys~~
27 ~~appropriated by the state for such purpose. The bonds, and interest~~
28 ~~thereon, issued pursuant to this section shall be obligations only of the~~
29 ~~authority and in no event shall such bonds constitute an indebtedness or~~
30 ~~obligation of the Kansas public employees retirement system or an~~
31 ~~indebtedness or obligation for which the faith and credit or any assets of~~
32 ~~the system are pledged. Neither the state nor the department of~~

1 ~~administration shall have the power to pledge the full faith and credit or~~
2 ~~taxing power of the state for debt service on any bonds issued pursuant to~~
3 ~~this section, and any payment by the department for such purpose shall be~~
4 ~~subject to and dependent on appropriations by the legislature. Any~~
5 ~~obligation of the state or the department for payment of debt service on~~
6 ~~bonds issued pursuant to this section shall not be considered a debt or~~
7 ~~obligation of the state for the purpose of section 6 of article 11 of the~~
8 ~~constitution of the state of Kansas.~~

9 ~~(2) If the interest rate, all inclusive cost, for any one or more~~
10 ~~series of revenue bonds under paragraph (1) exceeds 3.5% but does~~
11 ~~not exceed 3.75%,~~ The Kansas development finance authority is
12 hereby authorized to issue one or more series of revenue bonds under
13 the Kansas development-fiance {finance} act in an amount necessary
14 to provide a deposit or deposits to the Kansas public employees
15 retirement system in a total amount not to exceed \$500,000,000 plus
16 all amounts required to pay the cost of issuance of the bonds,
17 including any credit enhancement, interest costs and provide any
18 required reserves for the bonds. No bonds shall be issued until such
19 issuance has been approved by a resolution of the state finance
20 council. The principal amount, interest rates and final maturity of
21 such revenue bonds and any bonds issued to refund such bonds or
22 parameters for such principal amount, interest rates and final
23 maturity shall be approved by a resolution of the state finance council,
24 except that, for any one or more series of revenue bonds issued
25 pursuant to this section, such interest rate, all inclusive cost, shall not
26 exceed 3.75%. The bonds, and interest thereon, issued pursuant to this
27 section shall be payable from moneys appropriated by the state for
28 such purpose. The bonds, and interest thereon, issued pursuant to this
29 section shall be obligations only of the authority and in no event shall
30 such bonds constitute an indebtedness or obligation of the Kansas
31 public employees retirement system or an indebtedness or obligation
32 for which the faith and credit or any assets of the system are pledged.
33 Neither the state nor the department of administration shall have the
34 power to pledge the full faith and credit or taxing power of the state
35 for debt service on any bonds issued pursuant to this section, and any
36 payment by the department for such purpose shall be subject to and
37 dependent on appropriations by the legislature. Any obligation of the
38 state or the department for payment of debt service on bonds issued
39 pursuant to this section shall not be considered a debt or obligation of
40 the state for the purpose of section 6 of article 11 of the constitution of
41 the state of Kansas.

42 (b) As used in this section, "unfunded actuarial pension liability"
43 means the unfunded actuarially accrued liability of the state for the state of

1 Kansas' and participating employers' under K.S.A. 74-4931, and
2 amendments thereto, portion of such liability of the Kansas public
3 employees retirement system, determined as of the later of December 31,
4 2019, or the end of the most recent calendar year for which an actuarial
5 valuation report is available and certified to the Kansas development
6 finance authority by the executive director of the Kansas public employees
7 retirement system.

8 (c) (1) The authority may pledge the contract or contracts authorized
9 in subsection (d), or any part thereof, for the payment or redemption of the
10 bonds, and covenant as to the use and disposition of moneys available to
11 the authority for payments of the bonds. The authority is authorized to
12 enter into any agreements necessary or desirable to effectuate the purposes
13 of this section.

14 (2) The proceeds from the sale of the bonds, other than refunding
15 bonds, issued pursuant to this section, after payment of any costs related to
16 the issuance of such bonds, shall be paid by the authority to the Kansas
17 public employees retirement system to be applied to the payment, in full or
18 in part, of the unfunded actuarial pension liability as directed by the
19 Kansas public employees retirement system.

20 (3) The state hereby pledges and covenants with the holders of any
21 bonds issued pursuant to this section that it will not limit or alter the rights
22 or powers vested in the authority by this section, nor limit or alter the
23 rights or powers of the authority, the department of administration or the
24 Kansas public employees retirement system, in any manner that would
25 jeopardize the interest of the holders or any trustee of such holders or
26 inhibit or prevent performance or fulfillment by the authority, the
27 department of administration or the Kansas public employees retirement
28 system with respect to the terms of any agreement made with the holders
29 of the bonds or agreements made pursuant to this section, except that
30 failure of the legislature to appropriate moneys for any purpose shall not
31 be deemed a violation of this pledge and covenant. The department of
32 administration is hereby specifically authorized to include this pledge and
33 covenant in any agreement with the authority. The authority is hereby
34 specifically authorized to include this pledge and covenant in any bond
35 resolution, trust indenture or agreement for the benefit of the holders of the
36 bonds.

37 (4) Revenue bonds may be issued pursuant to this section without
38 obtaining the consent of any department, division, commission, board or
39 agency of the state, other than the approvals of the state finance council
40 required by this section, and without any other proceedings or the
41 occurrence of any other conditions or things other than those proceedings,
42 conditions or things that are specifically required by the Kansas
43 development finance authority act.

1 (d) The department of administration and the authority are authorized
2 to enter into one or more contracts to implement the payment arrangement
3 that is provided for in this section. The contract or contracts shall provide
4 for payment of the amounts required to be paid pursuant to this section and
5 shall set forth the procedure for the transfer of moneys for the purpose of
6 paying such moneys. The contract or contracts shall contain such terms
7 and conditions, including principal amount, interest rates and final
8 maturity as shall be approved by resolution of the state finance council and
9 shall include, but not be limited to, terms and conditions necessary or
10 desirable to provide for the repayment of and to secure any bonds of the
11 authority issued pursuant to this section.

12 (e) The approvals by the state finance council required by subsections
13 (a) and (d) are hereby characterized as matters of legislative delegation and
14 subject to the guidelines prescribed in K.S.A. 75-3711c(c), and
15 amendments thereto. Such approvals may be given by the state finance
16 council when the legislature is in session.

17 Sec. 2. This act shall take effect and be in force from and after its
18 publication in the statute book.