

**SENATE BILL No. 553**

By Committee on Assessment and Taxation

3-9

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. 2021 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, 2024.

18 (b) Any employee who is first employed by a participating employer  
19 on or after July 1, 2024, 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, 2024, 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, 2024, or employees of a  
18 participating employer that affiliates on or after July 1, 2024, 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, 2024, or such  
22 employees of a participating employer that affiliates on or after July 1,  
23 2024;

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, 2024, and is employed by a  
27 participating employer in a covered position on or after July 1, 2024;

28 (2) is a former member of the system who withdrew contribution  
29 accounts before July 1, 2024, and who is again employed by a  
30 participating employer in a covered position on or after July 1, 2024; 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, 2024;

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, 2024;

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, 2024, 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, 2024, 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, 2024, 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 2024, 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; ~~and~~

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 70<sup>1</sup>/<sub>2</sub> 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 under  
14 K.S.A. 74-4927, and amendments thereto.

15 Sec. 15. K.S.A. 2021 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 which 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 which shall exist or accrue  
24 under the system, including amortization of the actuarial accrued liability  
25 as 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 which shall be required to be paid by each such employer to  
38 pay all of the liabilities which shall accrue under the system from and after  
39 the 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 which  
6 shall have accrued at the time of entry into the system. On the basis of  
7 such determination the board shall annually certify to each such employer  
8 separately an actuarially determined estimate of the rate of contribution  
9 which 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, which is by law authorized to levy taxes for  
25 other purposes, may levy annually at the time of its levy of taxes, a tax  
26 which may be in addition to all other taxes authorized by law for the  
27 purpose of making its contributions under this act and, in the case of cities  
28 and 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 which is not by law authorized to levy taxes as described above, but which  
36 prepares a budget for its expenses for the ensuing year and presents the  
37 same to a governing body which 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 which 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% and for participating employers under K.S.A.  
33 74-4931, and amendments thereto, an additional percentage of  
34 compensation corresponding to the level dollar repayment amount  
35 certified by the board pursuant to subsection (17); (G) for the fiscal year  
36 commencing in calendar year 2021, the employer rate of contribution shall  
37 be 13.33%; (H) for the fiscal year commencing in calendar year 2022, the  
38 employer rate of contribution shall be 13.11%; and (I) in each subsequent  
39 calendar year, an amount not to exceed more than 1.2% of the amount of  
40 the immediately preceding fiscal year and for participating employers  
41 under K.S.A. 74-4931, and amendments thereto, an additional percentage  
42 of compensation corresponding to the level dollar repayment amount  
43 certified by the board pursuant to subsections (17) and (18). *On and after*

1 *July 1, 2024, for the purposes of this section, member compensation shall*  
2 *include compensation of members of the thrift savings plan established*  
3 *under sections 1 through 14, and amendments thereto.*

4 (iii) Except as specifically provided in this section, for fiscal years  
5 commencing in calendar year 1997 and in each subsequent calendar year,  
6 the rate of contribution certified to participating employers other than the  
7 state of Kansas shall in no event exceed such participating employer's  
8 contribution rate for the immediately preceding fiscal year by more than  
9 0.15% of the amount of compensation upon which members contribute  
10 during the period.

11 (iv) Except as specifically provided in this subsection, for the fiscal  
12 years commencing in the following calendar years, the rate of contribution  
13 certified to participating employers other than the state of Kansas shall in  
14 no event exceed the contribution rate for such employers for the  
15 immediately preceding fiscal year by more than the following amounts  
16 expressed as a percentage of compensation upon which members  
17 contribute during the period: (A) For the fiscal year commencing in  
18 calendar years 2010 through 2013, an amount not to exceed more than  
19 0.6% of the amount of the immediately preceding fiscal year; (B) for the  
20 fiscal year commencing in calendar year 2014, an amount not to exceed  
21 more than 0.9% of the amount of the immediately preceding fiscal year;  
22 (C) for the fiscal year commencing in calendar year 2015, an amount not  
23 to exceed more than 1% of the amount of the immediately preceding fiscal  
24 year; (D) for the fiscal year commencing in calendar year 2016, an amount  
25 not to exceed more than 1.1% of the amount of the immediately preceding  
26 fiscal year; and (E) for the fiscal year commencing in calendar year 2017,  
27 and in each subsequent calendar year, an amount not to exceed more than  
28 1.2% of the amount of the immediately preceding fiscal year. *On and after*  
29 *July 1, 2024, for the purposes of this section, member compensation shall*  
30 *include compensation of members of the thrift savings plan established*  
31 *under sections 1 through 14, and amendments thereto.*

32 (v) As part of the annual actuarial valuation, there shall be a separate  
33 employer rate of contribution calculated for the state of Kansas, a separate  
34 employer rate of contribution calculated for participating employers under  
35 K.S.A. 74-4931, and amendments thereto, a combined employer rate of  
36 contribution calculated for the state of Kansas and participating employers  
37 under K.S.A. 74-4931, and amendments thereto, and a separate employer  
38 rate of contribution calculated for all other participating employers.

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

43 (vii) If the combined employer rate of contribution calculated for the

1 state of Kansas and participating employers under K.S.A. 74-4931, and  
2 amendments thereto, is greater than the separate employer rate of  
3 contribution for the state of Kansas, the difference in the two rates applied  
4 to the actual payroll of the state of Kansas for the applicable fiscal year  
5 shall be calculated. This amount shall be certified by the board for deposit  
6 as additional employer contributions to the retirement benefit  
7 accumulation reserve for the participating employers under K.S.A. 74-  
8 4931, and amendments thereto.

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

12 (7) The actuarial cost of the provisions of K.S.A. 74-4950i, and  
13 amendments thereto, will be included in the June 30, 1998, actuarial  
14 valuation in determining contribution rates for participating employers.  
15 The actuarial accrued liability incurred for the provisions of K.S.A. 74-  
16 4950i, and amendments thereto, shall be amortized over 15 years.

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

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

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

37 (11) The actuarial accrued liability incurred for the provisions of  
38 K.S.A. 74-49,114b, and amendments thereto, for the KPERS local group  
39 and retirants who were employees of local employers which affiliated with  
40 the Kansas police and firemen's retirement system shall be amortized over  
41 10 years.

42 (12) The cost of the postretirement benefit payment provided  
43 pursuant to the provisions of K.S.A. 74-49,114c, and amendments thereto,

1 for retirants other than local retirants as described in subsection (13) or  
2 insured disability benefit recipients shall be paid in the fiscal year  
3 commencing on July 1, 2008.

4 (13) The actuarial accrued liability incurred for the provisions of  
5 K.S.A. 74-49,114c, and amendments thereto, for the KPERS local group  
6 and retirants who were employees of local employers which affiliated with  
7 the Kansas police and firemen's retirement system shall be amortized over  
8 10 years.

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

14 (15) Employer contributions shall in no way be limited by any other  
15 act which now or in the future establishes or limits the compensation of  
16 any member.

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

30 (17) The actuarial cost of the reduction of employer contributions for  
31 eligible employers as specified in K.S.A. 74-4931(1), (2) and (3), and  
32 amendments thereto, pursuant to the provisions of section 37 of chapter 54  
33 of the 2017 session laws of Kansas, and amendments thereto, shall be  
34 amortized over 20 years as a level dollar amount, as certified by the board  
35 upon recommendation of the consulting actuary, through an additional  
36 percentage of compensation for participating employers under K.S.A. 74-  
37 4931, and amendments thereto. This additional percentage of  
38 compensation shall first be reflected in employer contribution rates for  
39 participating employers under K.S.A. 74-4931, and amendments thereto,  
40 effective on the first day of the first payroll period for the fiscal year 2018.

41 (18) The actuarial cost of \$194,022,683 shall be amortized over 20  
42 years as a level dollar amount, as certified by the board upon  
43 recommendation of the consulting actuary, through an additional

1 percentage of compensation for participating employers under K.S.A. 74-  
2 4931, and amendments thereto. This additional percentage of  
3 compensation shall first be reflected in employer contribution rates for  
4 participating employers under K.S.A. 74-4931, and amendments thereto,  
5 effective on the first day of the first payroll period for the fiscal year 2020.

6       Sec. 16. K.S.A. 2021 Supp. 74-4920 is hereby repealed.

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