

HOUSE BILL No. 2289

By Representative Miller

2-9

1 AN ACT concerning retirement and pensions; relating to the Kansas public
2 employees retirement system and systems thereunder; authorizing the
3 issuance of revenue bonds to finance the unfunded actuarial pension
4 liability of KPERS; providing requirements, limitations and procedures
5 for the Kansas development finance authority, department of
6 administration and the state finance council pertaining to such bonds;
7 establishing annual retirant dividend payments for certain retirants and
8 prescribing conditions, limitations and procedures for such payments.
9

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

11 Section 1. (a) For the purpose of financing a portion of the unfunded
12 actuarial pension liability of the Kansas public employees retirement
13 system, the Kansas development finance authority is hereby authorized to
14 issue one or more series of revenue bonds under the Kansas development
15 finance authority act in an amount necessary to provide a deposit or
16 deposits to the Kansas public employees retirement system in a total
17 amount not to exceed \$1,000,000,000 plus all amounts required to pay the
18 costs of issuance of the bonds, including any credit enhancement, interest
19 costs and to provide any required reserves for the bonds. No bonds shall be
20 issued until such issuance has been approved by a resolution of the state
21 finance council. The principal amount, interest rates and final maturity of
22 such revenue bonds and any bonds issued to refund such bonds or
23 parameters for such principal amount, interest rates and final maturity shall
24 be approved by a resolution of the state finance council, except that, for
25 any one or more series of revenue bonds issued pursuant to this section,
26 such interest rate, all inclusive cost, shall not exceed 5%. The bonds, and
27 interest thereon, issued pursuant to this section shall be obligations only of
28 the authority and in no event shall such bonds constitute an indebtedness
29 or obligation of the Kansas public employees retirement system or an
30 indebtedness or obligation for which the faith and credit or any assets of
31 the system are pledged. Neither the state nor the department of
32 administration shall have the power to pledge the full faith and credit or
33 taxing power of the state for debt service on any bonds issued pursuant to
34 this section, and any payment by the department for such purpose shall be
35 subject to and dependent on appropriations by the legislature. Any
36 obligation of the state or the department for payment of debt service on

1 bonds issued pursuant to this section shall not be considered a debt or
2 obligation of the state for the purpose of section 6 of article 11 of the
3 constitution of the state of Kansas.

4 (b) As used in this section, "unfunded actuarial pension liability"
5 means the unfunded actuarially accrued liability of the state for the state of
6 Kansas' and participating employers' under K.S.A. 74-4931, and
7 amendments thereto, portion of such liability of the Kansas public
8 employees retirement system, determined as of the later of December 31,
9 2019, or the end of the most recent calendar year for which an actuarial
10 valuation report is available and certified to the Kansas development
11 finance authority by the executive director of the Kansas public employees
12 retirement system.

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

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

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

42 (4) Revenue bonds may be issued pursuant to this section without
43 obtaining the consent of any department, division, commission, board or

1 agency of the state, other than the approvals of the state finance council
2 required by this section, and without any other proceedings or the
3 occurrence of any other conditions or things other than those proceedings,
4 conditions or things that are specifically required by the Kansas
5 development finance authority act.

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

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

22 Sec. 2. (a) As used in this section:

23 (1) "Retirant" means:

24 (A) Any person who is a member or special member of the retirement
25 system and who retired on or before July 1, 2011; and

26 (B) any person who is a joint annuitant or beneficiary of any member
27 described in subsection (a)(1)(A); and

28 (2) "retirement system" means the Kansas public employees
29 retirement system, the Kansas police and firemen's retirement system, the
30 state school retirement system and the retirement system for judges.

31 (b) Each retirant who is entitled to receive a retirement benefit,
32 pension or annuity payment from the retirement system on July 1, 2021, in
33 the amount of \$2,000 or less per month, as determined before any
34 reduction for a lump-sum payment, joint annuitant survivor option or life
35 with years certain option, shall be entitled to receive a retirant dividend
36 payment as specified in this section. Subject to subsection (d), such retirant
37 dividend payment shall be paid annually in addition to the amount of the
38 annual retirement benefit, pension or annuity payment to which the retirant
39 is otherwise entitled and shall be paid in the form of an additional payment
40 that shall be made beginning October 1, 2023, and on October 1 of each
41 year thereafter.

42 (c) Each such retirant dividend payment shall be payable to the
43 retirant in an amount equal to the amount determined by:

1 (1) Calculating the net investment earnings on the proceeds of the
2 bonds issued pursuant to section 1, and amendments thereto, for the
3 immediately preceding fiscal year and subtracting the debt service cost for
4 such bonds in such fiscal year, as certified by the board of trustees; and

5 (2) dividing the resulting amount in paragraph (1) by the total number
6 of retirants.

7 (d) If the retirant dividend payment determined by subsection (c) is
8 less than \$25 per retirant, no retirant dividend payment shall be payable by
9 the retirement system.

10 (e) Each such retirant dividend payment shall be paid by the
11 retirement system to the retirant and shall be payable from the Kansas
12 public employees retirement fund.

13 Sec. 3. This act shall take effect and be in force from and after its
14 publication in the statute book.