

April 6, 2012

The Honorable Mitch Holmes, Chairperson
House Committee on Pensions and Benefits
Statehouse, Room 166-W
Topeka, Kansas 66612

Dear Representative Mitch Holmes:

SUBJECT: Fiscal Note for HB 2732 by House Committee on Pensions and Benefits

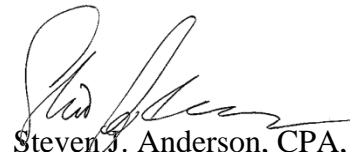
In accordance with KSA 75-3715a, the following fiscal note concerning HB 2732 is respectfully submitted to your committee.

HB 2732 would impose additional requirements for fiscal notes on legislation related to the Kansas Public Employees Retirement System (KPERS) which provides a new benefit, an increase in existing benefits or any other type of benefit enhancement for members of KPERS. The bill would require that an actuarial valuation and appraisal of the liability to KPERS as well as the required contributions necessary to discharge the liability and maintain the System on an actuarial reserve basis created by the benefit enhancement to be conducted by qualified actuary employed or retained by KPERS. The fiscal note is to be made available to members of any legislative standing committee taking action on the bill.

The bill also requires that the actuarial cost of any legislation enacted by the Kansas Legislature must be "conducted" by the KPERS actuary and reported to KPERS and the Joint Committee on Pensions, Investments and Benefits. The Division of the Budget assumes this provision was meant to read as "certified" and not "conducted."

The Division of the Budget currently issues fiscal notes on all legislation introduced by the Kansas Legislature and makes the notes widely available on the internet. For legislation that provides a new KPERS benefit or enhances other benefits to KPERS members, the Division contacts KPERS, which provides the cost to the System for the benefit change, as well as the administrative effects of the bill. The agency provides the short-term as well as the effect to the System over the longer term. Although the agency has not provided any specific information regarding the fiscal effect of this bill, it is assumed that there would be none, as the agency already provides the information required by the bill. If KPERS indicates that this is incorrect, a revised fiscal note will be provided.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Anderson", written over a white background.

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

cc: Faith Loretto, KPERS