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MEMORANDUM

To: Chairman Longbine and members of the Senate Financial Institutions and Insurance Committee

From: David Wiese, Assistant Revisor

Date: March 14, 2017

Subject: HB 2268; KPERS working after retirement amendments

House Bill No. 2268 as introduced extended the sunset date on certain working after retirement special exemptions from July 1, 2020, to July 1, 2021.

The House Financial Institutions and Pensions Committee made several amendments related to working after retirement. The House Committee's bill:

Returns the sunset date to July 1, 2020.

Provides an exemption from the \$25,000 annual earnings limitation for retirants who become members of the state board of regents retirement plan.

Allows for retirants who are independent contractors or employees of third-party entities who contract with a participating employer to be exempt from the earnings limitation and from the reporting requirement and employer contribution requirements if certain criteria are met.

Collapses all the special exemptions for school personnel (grandfather, special ed and hard-to-fill) and the hardship special exemption into one special exemption. Under such special exemption, a retirant can be hired for a period of three calendar or school years, with a possible one-year extension. Retirants who were hired under the school special exemptions between July 1, 2016, and July 1, 2017, are deemed hired under the

special exemption and their service during such period would count toward the total four-year limitation in which a retirant may work and receive a full retirement benefit. The employer contribution for such exemption is 30%.

Makes technical amendments in K.S.A. 74-49,123 to replace 8% with the phrase "the actuarially assumed rate of return established by the board" after the KPERS board changed the assumed rate of return from 8% to 7.75%.

Adds a new exemption from the earnings limitation for retirants employed by a school district in a licensed position who retire on or after July 1, 2017, and retire at age 62 or later. School districts that hire retirants under this exemption are required to pay to the system a 30% employer contribution rate based on the retirant's compensation.

Adjusts how compensation paid to members of the legislature is determined for purposes of calculating the \$25,000 earnings limit. Amounts paid to legislators that are included in federal adjusted gross income and subject to federal income taxation constitute compensation subject to the earnings limit.

The bill becomes effective upon publication in the statute book

The House passed HB 2268 by a vote of 116-9.