

Stricken language would be deleted from and underlined language would be added to law as it existed prior to the 82nd General Assembly.

1 State of Arkansas  
2 82nd General Assembly  
3 Regular Session, 1999  
4

As Engrossed: H3/1/99

# A Bill

Act 907 of 1999  
HOUSE BILL 1485

5 By: Representative Minton, *Faris*  
6  
7

## For An Act To Be Entitled

9 "AN ACT TO AMEND ARKANSAS CODE § 24-7-406 TO ELIMINATE  
10 THE CHOICE FOR MOST MEMBERS TO NOT MAKE MEMBER  
11 CONTRIBUTIONS AND TO PROVIDE A ONE-TIME IRREVOCABLE  
12 CHOICE FOR ACTIVE MEMBERS OF THE TEACHER RETIREMENT  
13 SYSTEM; TO REPEAL SECTIONS 1 AND 2 OF ACT 81 OF 1999;  
14 TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES."

## Subtitle

16 "TO ELIMINATE THE NON-CONTRIBUTORY OPTION  
17 FOR MOST NEW MEMBERS AND TO ALLOW A ONE-  
18 TIME IRREVOCABLE CHOICE FOR ACTIVE MEMBERS  
19 OF THE TEACHER RETIREMENT SYSTEM."  
20  
21  
22

23 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
24

25 SECTION 1. Arkansas Code § 24-7-406(f), regarding contributions to  
26 member's deposit accounts for the Teacher Retirement System, is amended to  
27 read as follows:

28 "(f)(1) ~~Each member may~~ Active members as of July 1, 1999 shall elect,  
29 by written election filed with the system in accordance with rules and  
30 regulations adopted by the board, to eliminate future member contributions, or  
31 to make member contributions, otherwise provided for in this section. The  
32 election shall be irrevocable and shall be made on or before July 1, 2000. If  
33 no election is made, the member's status on June 30, 2000 shall be in effect  
34 and shall be irrevocable.

35 (2) For a ~~new~~ former inactive member, the election shall ~~become a~~  
36 ~~binding agreement upon its effective date, if the election is so filed before~~

1 ~~preparation of the payroll containing his first salary payment, but in no~~  
2 ~~event before July 1, 1986 be made within one (1) year of the effective date~~  
3 ~~the member is considered an active member. The election shall be effective~~  
4 ~~the earlier of the preparation of the payroll containing the first salary~~  
5 ~~payment upon re-entry, or the July 1 next following the date the election is~~  
6 ~~filed with the system. If no election is made within one (1) year, the~~  
7 ~~member's status prior to re-entry will remain in effect.~~

8 ~~(3) Beginning July 1, 1993, any member may change his election~~  
9 ~~concerning member contributions once each fiscal year. Beginning July 1, 1997,~~  
10 ~~the election shall be effective the July 1 immediately preceding its filing~~  
11 ~~provided it is received by the system before October 1 of the current fiscal~~  
12 ~~year.~~

13 ~~(4)(3)(A)~~ If the election is to eliminate member contributions,  
14 then the election shall apply only to future member salaries and shall not  
15 change the status of any member contributions made before the election.

16 (B)(i) If the effect of the election is to require member  
17 contributions, then the election shall apply only to future member salaries  
18 and shall not change any member contribution requirements existing before the  
19 election.

20 (ii) ~~However, if~~ If a member has previously  
21 contributed on only the first seven thousand eight hundred dollars (\$7,800) of  
22 his annual salary, he cannot contribute on full future salaries until he has  
23 made added contributions on past full salaries as provided in subsection (b)  
24 of this section.

25 ~~(5)(A)(4)~~ All After July 1, 1999, all new members, including any  
26 former active members, shall ~~not~~ make the member contributions otherwise  
27 provided for in this section, provided, however, new members who are under  
28 contract with a covered employer for one hundred eighty (180) days or less  
29 shall have one (1) year to make an irrevocable election to make member  
30 contributions. New members who are not under contract with a covered employer  
31 shall not make member contributions.

32 ~~(B)(i) Such members may elect, by written election filed~~  
33 ~~with the system in accordance with rules and regulations adopted by the board,~~  
34 ~~to make contributions as provided for in this section~~

35 ~~(ii)(a) Such election shall become a binding~~  
36 ~~agreement upon its effective date, if the election is so filed with the system~~

1 ~~before the preparation of the payroll containing his first salary payment.~~

2 ~~(b) In all other circumstances, the election~~  
3 ~~shall be effective the July 1 immediately following the filing of the~~  
4 ~~election.~~

5 ~~(6)(A) For a new member who files in compliance with subdivisions~~  
6 ~~(f)(1) or (f)(5) of this section, the effective date shall be the date the~~  
7 ~~first paycheck is received.~~

8 ~~(B) In all other circumstances, the effective date shall be~~  
9 ~~July 1."~~

10  
11 SECTION 2. Arkansas Code § 24-7-406(g), regarding the contributions to  
12 member's deposit accounts for the Teacher Retirement System, is amended to  
13 read as follows:

14 "(g)(1) Employees who are eligible for membership in the system under  
15 §24-7-202, who are or have been erroneously enrolled in the Arkansas Public  
16 Employees' Retirement System, whose membership in that system is cancelled and  
17 whose employee or employer contributions are refunded by that system under  
18 §§24-2-301 - 24-2-305, ~~shall be eligible to become members of either the~~  
19 ~~contributory plan or the noncontributory plan of this system under the~~  
20 ~~provisions of this section~~ make member contributions to the system as provided  
21 in subdivision (b)(2) of this section.

22 (2) If such an employee becomes an active member of the  
23 contributory plan of this system, he may establish contributory credit for all  
24 or part of his service that is cancelled by the Arkansas Public Employees'  
25 Retirement System by paying both the employee and employer contributions  
26 required by this system, plus regular interest.

27 ~~(3) If he becomes an active member of the noncontributory plan of~~  
28 ~~this system, he may establish noncontributory credit for all or part of his~~  
29 ~~service that is cancelled by the Arkansas Public Employees' Retirement System~~  
30 ~~by paying the employer contributions required by this system, plus regular~~  
31 ~~interest."~~

32  
33 SECTION 3. No benefit enhancement provided for by this act shall be  
34 implemented if it would cause the publicly supported retirement system's  
35 unfunded actuarial accrued liabilities to exceed a thirty (30) year  
36 amortization. No benefit enhancement provided for by this act shall be

1 implemented by any publicly supported system which has unfunded actuarial  
2 accrued liabilities being amortized over a period exceeding thirty (30) years  
3 until the unfunded actuarial accrued liability is reduced to a level less than  
4 the standards prescribed by Arkansas Code, Title 24.

5  
6 SECTION 4. Sections 1 and 2 of Act 81 of 1999 are repealed.

7 SECTION 1. ~~Arkansas Code § 24-7-406(f), regarding contributions to~~  
8 ~~member's deposit accounts for the Teacher Retirement System, is amended to~~  
9 ~~read as follows:~~

10 ~~"(f)(1) Each member may Active members as of July 1, 1999 shall elect,~~  
11 ~~by written election filed with the system in accordance with rules and~~  
12 ~~regulations adopted by the board, to eliminate future member contributions, or~~  
13 ~~to make member contributions, otherwise provided for in this section. The~~  
14 ~~election shall be irrevocable and shall be made on or before July 1, 2000. If~~  
15 ~~no election is made, the member's status on June 30, 2000 shall be in effect~~  
16 ~~and shall be irrevocable.~~

17 ~~(2) For a new former inactive member, the election shall become a~~  
18 ~~binding agreement upon its effective date, if the election is so filed before~~  
19 ~~preparation of the payroll containing his first salary payment, but in no~~  
20 ~~event before July 1, 1986 be made within one (1) year of the effective date~~  
21 ~~the member is considered an active member. The election shall be effective~~  
22 ~~the earlier of the preparation of the payroll containing the first salary~~  
23 ~~payment upon re-entry, or the July 1 next following the date the election is~~  
24 ~~filed with the system. If no election is made within one (1) year, the~~  
25 ~~member's status prior to re-entry will remain in effect.~~

26 ~~(3) Beginning July 1, 1993, any member may change his election~~  
27 ~~concerning member contributions once each fiscal year. Beginning July 1, 1997,~~  
28 ~~the election shall be effective the July 1 immediately preceding its filing~~  
29 ~~provided it is received by the system before October 1 of the current fiscal~~  
30 ~~year.~~

31 ~~(4)(3)(A) If the election is to eliminate member contributions,~~  
32 ~~then the election shall apply only to future member salaries and shall not~~  
33 ~~change the status of any member contributions made before the election.~~

34 ~~(B)(i) If the effect of the election is to require member~~  
35 ~~contributions, then the election shall apply only to future member salaries~~  
36 ~~and shall not change any member contribution requirements existing before the~~

1 ~~election.~~

2 ~~(ii) However, if if a member has previously~~  
 3 ~~contributed on only the first seven thousand eight hundred dollars (\$7,800) of~~  
 4 ~~his annual salary, he cannot contribute on full future salaries until he has~~  
 5 ~~made added contributions on past full salaries as provided in subsection (b)~~  
 6 ~~of this section.~~

7 ~~(5)(4)(A) All After July 1, 1999, all new members, including any~~  
 8 ~~former active members, shall not make the member contributions otherwise~~  
 9 ~~provided for in this section.~~

10 ~~(B)(i) Such members may elect, by written election filed~~  
 11 ~~with the system in accordance with rules and regulations adopted by the board,~~  
 12 ~~to make contributions as provided for in this section After July 1, 1999, an~~  
 13 ~~employee who worked less than thirty (30) days during the previous fiscal year~~  
 14 ~~shall not make member contributions as provided in this section.~~

15 ~~(ii)(a) Such election shall become a binding~~  
 16 ~~agreement upon its effective date, if the election is so filed with the system~~  
 17 ~~before the preparation of the payroll containing his first salary payment.~~

18 ~~(b) In all other circumstances, the election~~  
 19 ~~shall be effective the July 1 immediately following the filing of the~~  
 20 ~~election.~~

21 ~~(6)(A) For a new member who files in compliance with subdivisions~~  
 22 ~~(f)(1) or (f)(5) of this section, the effective date shall be the date the~~  
 23 ~~first paycheck is received.~~

24 ~~(B) In all other circumstances, the effective date shall be~~  
 25 ~~July 1."~~

26  
 27 ~~SECTION 2. Arkansas Code § 24-7-406(g), regarding the contributions to~~  
 28 ~~member's deposit accounts for the Teacher Retirement System, is amended to~~  
 29 ~~read as follows:~~

30 ~~"(g)(1) Employees who are eligible for membership in the system under~~  
 31 ~~§24-7-202, who are or have been erroneously enrolled in the Arkansas Public~~  
 32 ~~Employees' Retirement System, whose membership in that system is cancelled and~~  
 33 ~~whose employee or employer contributions are refunded by that system under~~  
 34 ~~§§24-2-301 - 24-2-305, shall be eligible to become members of either the~~  
 35 ~~contributory plan or the noncontributory plan of this system under the~~  
 36 ~~provisions of this section make member contributions to the system as provided~~

1 ~~in subdivision (b)(2) of this section.~~

2 ~~(2) If such an employee becomes an active member of the~~  
3 ~~contributory plan of this system, he may establish contributory credit for all~~  
4 ~~or part of his service that is cancelled by the Arkansas Public Employees'~~  
5 ~~Retirement System by paying both the employee and employer contributions~~  
6 ~~required by this system, plus regular interest.~~

7 ~~(3) If he becomes an active member of the noncontributory plan of~~  
8 ~~this system, he may establish noncontributory credit for all or part of his~~  
9 ~~service that is cancelled by the Arkansas Public Employees' Retirement System~~  
10 ~~by paying the employer contributions required by this system, plus regular~~  
11 ~~interest."~~

12  
13 SECTION 5. All provisions of this act of a general and permanent nature  
14 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code  
15 Revision Commission shall incorporate the same in the Code.

16  
17  
18 SECTION 6. If any provision of this act or the application thereof to  
19 any person or circumstance is held invalid, such invalidity shall not affect  
20 other provisions or applications of the act which can be given effect without  
21 the invalid provision or application, and to this end the provisions of this  
22 act are declared to be severable.

23  
24 SECTION 7. All laws and parts of laws in conflict with this act are  
25 hereby repealed.

26  
27 SECTION 8. Emergency. It is found and determined by the Eighty Second  
28 General Assembly of the State of Arkansas that the Teacher Retirement System  
29 provides members with the option to choose either a contributory or  
30 noncontributory membership, that Act 81 of 1999 will end this option and that  
31 some members need to have option restored to them, and that since Act 81 of  
32 1999 will go into effect on July 1, 1999 then this act should be effective at  
33 the same time in order to avoid any statutory ambiguity. Therefore an  
34 emergency is declared to exist and this act being immediately necessary for  
35 the preservation of the public peace, health and safety shall become effective  
36 on July 1, 1999.

/s/ Minton, et al

APPROVED: 3/29/1999

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29
- 30
- 31
- 32
- 33
- 34
- 35
- 36