

*As Engrossed: 1/16/91*

1 **State of Arkansas**  
2 **78th General Assembly**  
3 **Regular Session, 1991**  
4 **By: Senator Moore**

**A BILL ACT 432 OF 1991**  
**SENATE BILL 14**

**For An Act To Be Entitled**

8 "AN ACT TO AMEND TITLE 24, CHAPTER 3, SUBCHAPTER 2,  
9 CHAPTER 4, SUBCHAPTER 6 AND CHAPTER 6, SUBCHAPTER 2 OF THE  
10 ARKANSAS CODE OF 1987, AS AMENDED, TO PROVIDE A COMPOUNDED  
11 COST-OF-LIVING INCREASE TO RETIRANTS OF THE PUBLIC  
12 EMPLOYEES RETIREMENT SYSTEM AND THE ARKANSAS STATE POLICE  
13 RETIREMENT SYSTEM; AND FOR OTHER PURPOSES."

14  
15 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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17 SECTION 1. Arkansas Code 24-3-205 is hereby amended to read as follows:

18 "(a) (1) Each July 1, the system shall redetermine the amount of each  
19 monthly benefit which has been payable by the system for at least twelve (12)  
20 full calendar months. The redetermined amount shall be payable for the  
21 following twelve (12) calendar months.

22 (2) Subject to the maximum stated in subdivision (3) of this  
23 subsection, such redetermined amount shall be the amount of the benefit  
24 payable as of the immediately preceding July first increased by three percent  
25 (3%).

26 (3) In no event shall the redetermined amount be less than the  
27 amount of the benefit otherwise payable nor more than the amount of the  
28 benefit otherwise payable multiplied by the following fraction:

29 (A) The numerator shall be the consumer price index for the  
30 December immediately preceding the current July 1, but in no event an amount  
31 less than the denominator; and

32 (B) The denominator shall be the consumer price index for  
33 the December in the calendar year immediately preceding the effective date of  
34 the benefit.

35 (b) As used in this section, 'the amount of the benefit otherwise  
36 payable' means the monthly amount of benefit which would be payable

1 disregarding the provisions redetermining benefit amounts after retirement.

2 (c) As used in this section, 'consumer price' means the Consumer Price  
3 Index for All Urban Consumers, as determined by the United States Department  
4 of Labor and in effect January 1, 1987; however, should the consumer price  
5 index by restructured subsequent to 1986 in a manner materially changing its  
6 character, the board, after receiving the advice of the actuary, shall change  
7 the application of the consumer price index so that, as far as is practicable,  
8 the 1986 intent of the use of the consumer price index shall be continued."

9

10 SECTION 2. Arkansas Code 24-4-607 is hereby amended to read as follows:

11 "(a) (1) Each July 1, the system shall redetermine the amount of each  
12 monthly benefit which has been payable by the system for at least twelve (12)  
13 full calendar months. The redetermined amount shall be payable for the  
14 following twelve (12) calendar months.

15 (2) Subject to the maximum stated in subdivision (3) of this  
16 subsection, such redetermined amount shall be the amount of the benefit  
17 payable as of the immediately preceding July first increase by three percent  
18 (3%).

19 (3) In no event shall the redetermined amount be less than the  
20 amount of the benefit otherwise payable or more than the amount of the benefit  
21 otherwise payable multiplied by the following fraction: The numerator shall  
22 be the average of the consumer price index for the twelve (12) calendar months  
23 in the calendar year immediately preceding July 1, but in no event an amount  
24 less than the denominator. The denominator shall be the average of the  
25 consumer price index for the twelve (12) calendar months in the calendar year  
26 immediately preceding the effective date of the benefit.

27 (b) (1) As used in this section, 'the amount of the benefit otherwise  
28 payable' means the monthly amount of benefit which would be payable  
29 disregarding the provisions of this section redetermining benefit amounts  
30 after retirement.

31 (2) As used in this section, '*consumer price*' index means the  
32 Consumer Price Index for All Urban Consumers, as determined by the United  
33 States Department of Labor and in effect January 1, 1987; however, should the  
34 *consumer price* index be restructured subsequent to 1986 in a manner materially  
35 changing its character, the board, after receiving the advice of the actuary,  
36 shall change the application of the *consumer price* index so that, as far as is

1 practicable, the 1986 intent of the use of the consumer price index shall be  
2 continued.

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4 SECTION 3. Arkansas Code §24-6-219 is hereby amended to read as  
5 follows:

6 "(a) Each July 1, the Arkansas State Police Retirement System shall  
7 redetermine the amount of each monthly benefit which has been payable by the  
8 system for at least twelve (12) full calendar months. The redetermined amount  
9 shall be payable for the following twelve (12) calendar months.

10 (b) Subject to the maximum stated in subsection (c) of this section, the  
11 redetermined amount shall be the amount of the benefit payable as of the  
12 immediately preceding July 1, increased by three percent (3%).

13 (c) In no event shall the redetermined amount be less than the amount of  
14 the benefit otherwise payable nor be more than the amount of the benefit  
15 otherwise payable multiplied by the following fraction. The numerator shall  
16 be the average of the consumer price index for the twelve (12) calendar months  
17 in the calendar year immediately preceding the July 1, but in no event shall  
18 it be an amount less than the denominator, which shall be the average of the  
19 consumer price index for the twelve (12) calendar months in the calendar year  
20 immediately preceding the effective date of the benefit.

21 (d) As used in the section:

22 (1) 'The amount of the benefit otherwise payable' means the  
23 monthly amount of benefit which would be payable disregarding the provisions  
24 of this section redetermining benefit amounts after retirement;

25 (2) 'Consumer price index' means the Consumer Price Index for All  
26 Urban Consumers, as determined by the United States Department of Labor and in  
27 effect January 1, 1987; however, should the consumer price index be  
28 restructured subsequent to 1986 in a manner materially changing its character,  
29 the board, after receiving the advice of the actuary, shall change the  
30 application of the consumer price index so that, as far as is practicable, the  
31 1986 intent of the use of the consumer price index shall be continued."

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33 SECTION 4. All provisions of this act of a general and permanent nature  
34 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code of  
35 Revision Commission shall incorporate the same in the Code.

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SECTION 5. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are declared to be severable.

SECTION 6. All laws and parts of laws in conflict with this act are hereby repealed.

SECTION 7. EMERGENCY. It is hereby found and determined by the General Assembly of the State of Arkansas that benefits provided to retirants and beneficiaries under the Arkansas Public Employees Retirement System and the Arkansas State Police Retirement System are inadequate and that an increase should be provided as soon as practicable in order to avoid an undue hardship to many such retirants and beneficiaries. Therefore, an emergency is hereby declared to exist and this act being necessary for the preservation of the public peace, health, and safety, shall be in full force and effect from and after July 1, 1991.

/s/ Moore

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APPROVED: 3-11-91

