

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

A Bill

HOUSE BILL 1592

For An Act To Be Entitled

8 "AN ACT TO AMEND TITLE 24, CHAPTER 11, SUBCHAPTERS 3 AND 8
9 OF THE ARKANSAS CODE OF 1987, TO AUTHORIZE THE
10 REALLOCATION OF INSURANCE TURNBACK FUNDS AMONG LOPFI AND
11 LOCAL PENSION FUNDS; AND FOR OTHER PURPOSES."

12
13 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

14
15 SECTION 1. Arkansas Code §24-11-302(e) is hereby amended to read as
16 follows:

17 "(e) Each city and town qualified by either the Arkansas Fire and
18 Police Pension Review Board or the Board of Trustees of the Arkansas Local
19 Police and Fire Retirement System shall then be entitled to receive that
20 portion of the tax as described and appropriated by this subchapter that is
21 collected during the forthcoming calendar year, arising from such insurance as
22 shall be written upon every motor vehicle principally garaged in that
23 qualified city or town. Beginning with payments due in calendar year 1992,
24 all payments shall be subject to the following reallocation as set forth
25 herein:

26 (1) Before December 15 of each year, the Arkansas Fire and Police
27 Pension Review Board (hereafter 'PRB') shall certify to the Insurance
28 Commissioner those political subdivisions with police retirement plans.

29 (2) Before July 1 of the following year, the Insurance Commissioner
30 shall forward to the PRB a list of the insurance premium taxes payable for the
31 calendar year for each certified political subdivision.

32 (3) *To calculate the tentative allocation to each pension fund when a*
33 *political subdivision has one (1) or more persons covered by a pension and*
34 *relief fund (hereafter 'pension fund'), whether or not administered by the*
35 *Arkansas Local Police and Fire Retirement System, and one (1) or more persons*

1 covered by the Arkansas Local Police and Fire Retirement System (hereafter
2 'LOPFI'), the PRB shall determine the portion of the tentative turnback
3 allocable to the pension fund and the actual portion allocable towards the
4 LOPFI contributions requirements. The state revenues shall be prorated between
5 the 'pension fund' and 'LOPFI' based upon the total number of members, active
6 and retired and beneficiaries covered by the 'pension fund' and by 'LOPFI'.
7 In the case of multiple beneficiaries of a single deceased member, those
8 individuals shall be counted as one (1) for the purposes of this allocation.
9 If there is a mixture of employees acquiring paid service and employees
10 acquiring volunteer service, one (1) paid employee shall be equal to five (5)
11 volunteer service employees for prorating purposes.

12 (4) To determine the annual contribution for each pension fund, an
13 actuarial valuation shall be performed using the following:

14 (A) Covered person data and financial data as of the preceding
15 December 31, or as of the December 31 one (1) year prior if the preceding
16 December 31 data has not been furnished; and

17 (B) For paid police, the benefits mandated by state law for each
18 pension fund and in effect December 31 of the most recent odd-numbered year.

19 (C) If, upon review by the actuary under contract to the PRB, it
20 is determined that the pension fund has awarded any disability pensions in
21 excess of the actuarial assumptions for these plans, then the liability for
22 such disability pensions in excess shall not be included in determining the
23 annual contribution, unless the recipients are actually disabled.

24 (5) Any balance of allocation available upon subtracting the annual
25 contribution from the tentative allocation to the pension fund shall be
26 reallocated based on the number of active and retired members, and
27 beneficiaries thereof, covered by the pension funds as of the preceding
28 December 31, as follows:

29 (A) All balances shall be totaled.

30 (B) The total shall be allocated among the pension funds whose
31 annual contribution was not covered by the tentative allocation, provided such
32 pension fund is receiving a dedicated millage of at least six-tenths (0.6)
33 mills or is administered by LOPFI.

34 (C) No pension fund receiving an allocation under this paragraph
35 (5) shall receive more than sixty-six and two-thirds percent (66-2/3%) of the

1 difference between its annual contribution and its tentative allocation.

2 (D) Any "pension fund" whose liabilities exceed their assets during any
 3 year shall receive no less than fifty percent (50%) of the state turnback
 4 funds to which they would have been entitled except for the reallocation
 5 provided herein.

6 (6) Any balance of allocation available upon subtracting from the
 7 annual contribution the sum of the additional allocation provided in (5) above
 8 and the tentative allocation, shall be reallocated among those pension funds
 9 whose annual contribution remained less than the total of the tentative
 10 allocation and the additional allocation provided in (5) above, using the same
 11 bases established therein.

12 (7) The PRB shall furnish to the Insurance Commissioner the compiled
 13 list of amounts payable to each pension fund and to each political subdivision
 14 for LOPFI purposes.

15 (8) The Insurance Commissioner shall promptly make payment to the
 16 appropriate party."

17

18 SECTION 2. Arkansas Code §24-11-810(e) (1) is hereby amended to read as
 19 follows:

20 "(1) It shall be the duty of the commissioner to keep a separate
 21 account of the tax paid by various insurance companies as provided by this
 22 act. In his report to the State Auditor and State Treasurer, he shall certify
 23 the exact amount which each qualified city, town, or fire protection district
 24 shall be entitled to receive, which shall be the two and one-half percent (2-
 25 1/2%), provided for in §24-11-809, collected upon property insured against the
 26 peril of fire in each individual city, town, or fire protection district.
 27 Beginning with payments due in calendar year 1992, all payments shall be
 28 subject to the following reallocation as set forth herein:

29 (A) Before December 15 of each year, the Arkansas Fire and Police
 30 Pension Review Board (hereafter 'PRB') shall certify to the Insurance
 31 Commissioner those political subdivisions with fire retirement plans.

32 (B) Before July 1 of the following year, the Insurance
 33 Commissioner shall forward to the PRB a list of the insurance premium taxes
 34 payable for the calendar year for each certified political subdivision.

35 (C) To calculate the tentative allocation to each pension fund

1 when a political subdivision has one (1) or more persons covered by a pension
2 and relief fund (hereafter 'pension fund'), whether or not administered by the
3 Arkansas Local Police and Fire Retirement System, and (1) one or more persons
4 covered by the Arkansas Local Police and Fire Retirement System (hereafter
5 'LOPFI'), the PRB shall determine the portion of the tentative turnback
6 allocable to the pension fund and the actual portion allocable towards the
7 LOPFI contributions requirements. The state revenues shall be prorated
8 between the 'pension fund' and 'LOPFI' based upon the total number of members,
9 active and retired and beneficiaries covered by the 'pension fund' and by
10 'LOPFI'. In the case of multiple beneficiaries of a single deceased member,
11 those individuals shall be counted as one (1) for the purposes of this
12 allocation.

13 If there is a mixture of employees acquiring paid service and employees
14 acquiring volunteer service, one (1) paid employee shall be equal to five (5)
15 volunteer service employees for prorating purposes.

16 (D) To determine the annual contribution for each pension fund,
17 an actuarial valuation shall be preformed using the following:

18 (i) Covered person data and financial data as of the
19 preceding December 31, or as of the December 31 one (1) year prior if the
20 preceding December 31 data has not been furnished; and

21 (ii) For paid fire, the benefits mandated by state law for
22 each pension fund and in effect December 31 of the most recent odd-numbered
23 year. For volunteer fire, the benefits mandated by state law for each such
24 pension fund and in effect December 31 of the most recent odd-numbered year,
25 substituting a fifty dollar (\$50.00) monthly base amount for the thirty dollar
26 (\$30.00) monthly figure for any members retiring thereafter.

27 (iii) If, upon review by the actuary under contract to the
28 PRB, it is determined that the pension fund has awarded any disability
29 pensions in excess of the actuarial assumptions for these plans, then the
30 liability for such disability pensions in excess shall not be included in
31 determining the annual contribution, unless the recipients are actually
32 disabled.

33 (E) Any balance of allocation available upon subtracting the
34 annual contribution from the tentative allocation to the pension fund shall be
35 reallocated based on the number of active and retired members, and

1 beneficiaries thereof, covered by the pension funds as of the preceding
2 December 31, with one (1) paid service employee, active or retired, or
3 beneficiaries thereof, equal to ten (10) volunteer service employees, active
4 or retired, or beneficiaries thereof, as follows:

5 (i) All balances shall be totaled.

6 (ii) The total shall be allocated among the pension funds
7 whose annual contribution was not covered by the tentative allocation,
8 provided such pension fund *is* receiving a dedicated millage of at least six-
9 tenths (0.6) mills *or is administered by LOPFI*.

10 (iii) No pension fund receiving an allocation under this
11 paragraph (E) shall receive more than sixty-six and two-thirds percent (66-
12 2/3%) of the difference between its annual contribution and its tentative
13 allocation.

14 (F) *Any "pension fund" whose liabilities exceed their assets*
15 *during any year shall receive no less than fifty percent (50%) of the state*
16 *turnback funds to which they would have been entitled except for the*
17 *reallocation provided herein.*

18 (G) Any balance of allocation available upon subtracting from the
19 annual contribution the sum of the additional allocation provided in (E) above
20 and the tentative allocation, shall be reallocated among those pension funds
21 whose annual contribution remained less than the total of the tentative
22 allocation and the additional allocation provided in (E) above, using the same
23 bases established therein.

24 (H) The PRB shall furnish to the Insurance Commissioner the
25 compiled list of amounts payable to each pension fund and to each political
26 subdivision for LOPFI purposes.

27 (I) The Insurance Commissioner shall promptly make payment to the
28 appropriate party."

29
30 SECTION 3. Arkansas Code §24-10-409 is hereby amended to read as
31 follows:

32 "(a) For each political subdivision with a relief fund in effect, the
33 relief fund has been receiving revenues from the state derived from the taxes
34 levied on foreign and domestic insurers by §23-60-101 et seq., and §§
35 24-11-301 - 24-11-303, 24-11-801 - 24-11-807, 24-11-809, 24-11-810, 24-11-813

1 - 24-11-816, and 24-11-818 - 24-11-821, 26-57-601 - 26-57-605, and 26-57-607
2 or any other state funds designated for support of fire and police retirement
3 programs in political subdivisions.

4 (b) Beginning with payments due in calendar year 1992, those state
5 revenues shall be allocated according to §24-11-302(e) for police retirement
6 programs in political subdivisions, and according to §24-11-810(e)(1) for fire
7 retirement programs in political subdivisions .

8 (c) Each political subdivision without a relief fund in effect July 1,
9 1981, which subsequently covers its fire or police department under the
10 system, shall also receive insurance revenues.

11 (d) All moneys so received by the political subdivisions shall be
12 applied to the employer contribution required to support this system, provided
13 however, if the governing body of any political subdivision determines that
14 the required employer contribution is less than the amount of moneys so
15 received during the year, the governing body may transfer any or all of the
16 excess moneys to their police pension funds or fire pension funds, or both, in
17 whatever amount deemed appropriate."

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

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

28

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

/s/ B. McGinnis