

1 **State of Arkansas**  
2 **79th General Assembly**  
3 **Regular Session, 1993**  
4 **By: Representative Dawson**

# A Bill

**HOUSE BILL 1264**

## For An Act To Be Entitled

8 "AN ACT TO AMEND ARKANSAS CODE SECTION 24-5-101 TO  
9 RE-DEFINE THE TERM AVERAGE COMPENSATION BY REDUCING THE  
10 NUMBER OF MONTHS WITHIN THAT DEFINITION FROM SIXTY (60) TO  
11 FORTY-EIGHT (48) IN ORDER FOR THE ARKANSAS STATE HIGHWAY  
12 AND TRANSPORTATION DEPARTMENT TO CONTINUE TO RETAIN AND  
13 RECRUIT EFFICIENT AND SKILLED EMPLOYEES; TO DECLARE AN  
14 EMERGENCY; AND FOR OTHER PURPOSES."

## Subtitle

16  
17 "RE-DEFINES AVERAGE COMPENSATION FOR HIGHWAY EMPLOYEES  
18 RETIREMENT PURPOSES BY REDUCING TIME COMPUTED FOR  
19 ASCERTAINING SUCH AVERAGE COMPENSATION."

20  
21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

22  
23 SECTION 1. Arkansas Code Section 24-5-101 is hereby amended to read as  
24 follows:

25 "24-5-101. Definitions. As used in this chapter, unless the context  
26 otherwise requires:

27 (1) System means the Arkansas State Highway Employees' Retirement  
28 System;

29 (2) Board means the Arkansas State Highway Employees' Retirement  
30 System Board of Trustees as created by this chapter;

31 (3) Employee means any employee of the Arkansas State Highway and  
32 Transportation Department whose compensation is, or was, payable on an hourly,  
33 biweekly, monthly, annual, or other basis by the Arkansas State Highway and  
34 Transportation Department, including any employee of the department whose  
35 salary is paid or reimbursed, in whole or in part, from federal or other

1 funds;

2 (4) Employer means the Arkansas State Highway and Transportation  
3 Department;

4 (5) Member means any person who has, by due process, had issued to  
5 him a certificate of membership in the Arkansas State Highway Employees'  
6 Retirement System;

7 (6) Average compensation means the average of the highest annual  
8 compensation paid a member during any period of forty-eight (48) consecutive  
9 months of creditable service with a state employer, as the term state  
10 employer is defined in § 24-2-401;

11 (7) Salary or compensation means the total remuneration earned by  
12 an employee for services rendered during any consecutive twelve (12) months or  
13 fraction thereof;

14 (8) Accumulated contribution means the sum of all amounts deducted  
15 from the salary or wages of a member, or paid by a member, and credited to his  
16 individual account, together with any interest the board may have authorized  
17 to be credited to the member's account;

18 (9) Prior service means all service as an employee of the Arkansas  
19 State Highway and Transportation Department prior to the date of establishment  
20 of the system;

21 (10) Current service means service as an employee of the Arkansas  
22 State Highway and Transportation Department after the date of establishment of  
23 the system and may include the period of time during which the employee's  
24 service may have been interrupted by service in the armed forces of the United  
25 States. The annual earnings for a military service period shall be computed  
26 in the manner set forth for prior service in subdivision (11) of this section;

27 (11) Prior service earnings means the authenticated record filed with  
28 and approved by the board setting forth the salary received by the member for  
29 each fiscal year, or portion thereof, of his prior service as an employee,  
30 beginning with his last year of prior service and continuing in reverse  
31 chronological order. Prior service earnings records may include the period of  
32 time during which the employee's service may have been interrupted for service  
33 in the armed forces of the United States, in which case the annual earnings  
34 for the military service period of the member shall be computed upon the  
35 average of his last twelve (12) months' compensation from the department prior

1 to his entry into the armed forces and the first twelve (12) months'  
2 compensation after reemployment by the department;

3       (12) *\_Creditable service\_* means the current service of the member plus  
4 the portion of prior service time for which contributions have been made or  
5 elected to be made by the member. Retirement benefits shall be computed upon  
6 the creditable service of the member. The board shall determine by  
7 appropriate rules and regulations how much service in any fiscal year is the  
8 equivalent of a year of creditable service;

9       (13) *\_Lump-sum service\_* means that, upon termination of employment  
10 with the Arkansas State Highway and Transportation Department for whatever  
11 reason, all lump-sum payments of leave, salary, or other compensation shall be  
12 earnings for retirement purposes; both the time and amount paid shall be  
13 considered for purposes of computing average earnings and service in the  
14 Arkansas State Highway Employees' Retirement System, and both the member's  
15 and the employer's contribution rates shall apply to the lump-sum payments."  
16

17       SECTION 2. All provisions of this act of a general and permanent nature  
18 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code  
19 Revision Commission shall incorporate the same in the Code.  
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21       SECTION 3. If any provision of this act or the application thereof to  
22 any person or circumstance is held invalid, such invalidity shall not affect  
23 other provisions or application of the act which can be given effect without  
24 the invalid provision or application, and to this end the provisions of this  
25 act are declared to be severable.  
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27       SECTION 4. All laws or parts of laws in conflict with this act are  
28 *hereby repealed, provided, none of the amendments contained in this Act are*  
29 *intended to nor shall they be construed to amend or affect any of the state-*  
30 *supported retirement system laws of this State, with the exception of the laws*  
31 *pertaining to the Arkansas State Highway Employees.*  
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33       SECTION 5. EMERGENCY CLAUSE. It is hereby found and determined by the  
34 Seventy-Ninth General Assembly that the amendments contained in this Act are  
35 necessary in order for the Arkansas State Highway and Transportation

1 Department to continue to retain and recruit efficient and skilled employees  
2 and by immediately decreasing the number of months from sixty to  
3 forty-eight for the purposes of ascertaining "average compensation" for  
4 retirement benefit purposes will greatly assist such retention and recruitment  
5 efforts. Therefore, an emergency is hereby declared to exist and this act  
6 being necessary for the immediate preservation of the public peace, health and  
7 safety shall be in full force and effect on and after July 1, 1993.

8 /s/J. Dawson

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