

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 84th General Assembly
3 Regular Session, 2003

A Bill

SENATE BILL 94

4
5 By: Senator Faris
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For An Act To Be Entitled

9 AN ACT TO EXPAND THE MEMBERSHIP OF THE BOARD OF
10 TRUSTEES FOR THE ARKANSAS LOCAL POLICE AND FIRE
11 RETIREMENT SYSTEM; TO ABOLISH THE LOCAL BOARDS OF
12 TRUSTEES FOR POLICE AND FIRE PENSION AND RELIEF
13 FUNDS AND CONSOLIDATE THE ADMINISTRATION OF THE
14 PENSION FUNDS UNDER THE LOCAL POLICE AND FIRE
15 RETIREMENT SYSTEM; AND FOR OTHER PURPOSES.

Subtitle

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18 TO EXPAND THE MEMBERSHIP OF THE BOARD OF
19 TRUSTEES FOR THE LOCAL POLICE AND FIRE
20 RETIREMENT SYSTEM AND TO CHANGE THE
21 ADMINISTRATION OF THE LOCAL PENSION AND
22 RELIEF FUNDS.
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24

25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

26
27 SECTION 1. Arkansas Code § 24-10-201 is amended to read as follows:
28 24-10-201. Members and terms.

29 (a) The general administration and the responsibility for the proper
30 operation of the Arkansas Local Police and Fire Retirement System and for
31 making effective the provisions of this chapter are vested in a board of
32 trustees of ~~five (5)~~ nine (9) persons as follows:

33 (1) One (1) person to be appointed member trustee by the
34 Governor from two (2) lists of persons submitted to him or her, one (1) list
35 from the Arkansas Fire Fighters Association, and one (1) list from the
36 Arkansas Council of Professional Fire Fighters;



1 (2) One (1) person to be appointed member trustee by the
 2 Governor from two (2) lists of persons submitted to him or her, one (1) list
 3 from the Arkansas Municipal Police Association, and one (1) list from the
 4 Fraternal Order of Police;

5 (3) Two (2) persons to be appointed employer trustees by the
 6 Governor from a list of persons submitted to him or her by the Arkansas
 7 Municipal League; ~~and~~

8 (4) One (1) person who is not a member, retirant, or beneficiary
 9 of the system and who is not a member of the governing body of any political
 10 subdivision to be appointed trustee by the Governor from a list of persons
 11 submitted to him or her by the Joint Committee on Public Retirement and
 12 Social Security Programs-;

13 (5) One (1) person who is a municipal police chief to be
 14 appointed a member trustee by the cochairst of the Joint Committee on Public
 15 Retirement and Social Security Programs;

16 (6) One (1) person who is a municipal fire chief to be appointed
 17 a member trustee by the cochairst of the Joint Committee on Public Retirement
 18 and Social Security Programs;

19 (7) One (1) person who is a municipal police officer to be
 20 appointed a member trustee by the cochairst of the Joint Committee on Public
 21 Retirement and Social Security Programs from two (2) lists of persons
 22 submitted to the cochairst, one (1) list from the Arkansas Municipal Police
 23 Association, and one (1) list from the Fraternal Order of Police; and

24 (8) One (1) person who is a municipal fire fighter to be
 25 appointed a member trustee by the cochairst of the Joint Committee on Public
 26 Retirement and Social Security Programs from two (2) lists of persons
 27 submitted to the cochairst, one (1) list from the Arkansas Fire Fighters
 28 Association, and one (1) list from the Arkansas Council of Professional Fire
 29 Fighters.

30 (b)(1) The normal term of office for a trustee shall be four (4) years
 31 from January 1 next following his or her election or appointment, as the case
 32 may be.

33 (2) Each trustee shall continue to serve as trustee until a
 34 successor is appointed and has qualified.

35 (c) Trustees elected or appointed as member trustees shall be members
 36 of the system, but not more than one (1) member trustee shall be employed by

1 any one (1) employer, not more than ~~one (1) member trustee~~ three (3) member
 2 trustees shall be a police officer or a police chief, and not more than ~~one~~
 3 ~~(1) member trustee~~ three (3) member trustees shall be a fire fighter or a
 4 fire chief.

5 (d) Trustees appointed as employer trustees shall be elected or
 6 appointed officials of employers with management experience and shall not be
 7 members of the system, but not more than one (1) employer trustee shall be
 8 from any one (1) employer.

9 (e) Whenever the Governor ~~is~~ or the cochairs of the Joint Committee on
 10 Public Retirement and Social Security Programs are to appoint a trustee, the
 11 list of persons submitted ~~to him or her~~ shall consist of the names of two (2)
 12 persons.

13
 14 SECTION 2. Arkansas Code Title 24, Chapter 11, Subchapter 3, is
 15 amended to add an additional section to read as follows:

16 24-11-304. The boards of trustees abolished and administration
 17 transferred.

18 (a) The boards of trustees of each policemen's pension and relief fund
 19 and each firemen's pension and relief fund is abolished and the boards of
 20 trustees' powers, duties, records, property, unexpended balances or
 21 appropriations, allocations, or other funds shall be transferred to the
 22 administration of the Arkansas Local Police and Fire Retirement System under
 23 §§ 24-11-406 and 24-11-805.

24 (b) The powers, duties, functions, and authority for the various
 25 political subdivisions to administer the various pension and relief funds
 26 under this chapter are transferred to the Arkansas Local Police and Fire
 27 Retirement System under §§ 24-11-406 and 24-11-805.

28 (c) Any reference in this chapter to a board of trustees for a
 29 policemen's pension and relief fund or a firemen's pension and relief fund
 30 shall mean the Board of Trustees of the Arkansas Local Police and Fire
 31 Retirement System in its administrative capacity over the pension and relief
 32 funds under §§ 24-11-406 and 24-11-805.

33
 34 SECTION 3. Arkansas Code § 24-11-406 is amended to read as follows:

35 24-11-406. Administration of ~~small~~ funds by Arkansas Local Police and
 36 Fire Retirement System.

1 (a) ~~In those local police pension and relief funds which cover fewer~~
 2 ~~than four (4) active members, a local board of trustees may no longer exist,~~
 3 ~~and the fund may be designated as inactive by the employer~~ Under § 24-11-304,
 4 the local board of trustees of each policemen's pension and relief fund is
 5 abolished and shall no longer exist.

6 (b) Administrative responsibility for the policemen's pension and
 7 relief fund shall be assigned to the Arkansas Local Police and Fire
 8 Retirement System, as allowed by §§ 24-10-301 and 24-10-302 and as provided
 9 in the following procedure:

10 (1)(A) The actuary under contract to the system shall compute
 11 the retirement reserve for vested and active members and for eligible
 12 beneficiaries of the inactive fund. After receiving the report of the
 13 actuary, the employer shall transfer the computed reserve to the system to be
 14 held in an account designated as the retirement reserve for the ~~inactive~~
 15 pension fund and from which the system shall pay eligible beneficiaries.

16 (B) The retirement reserve and any additional employer
 17 contributions shall include such amounts as are necessary to provide
 18 administrative expenses for the system, but such expenses shall not exceed a
 19 total of one-half of one percent (0.5%) of active member payroll, if any,
 20 plus one percent (1%) of annual reserve assets;

21 (2) Any excess assets of the fund remaining after the retirement
 22 reserve is created shall be transferred to an account designated by the
 23 employer, to be used solely for the purpose of making payments to the system
 24 for employee coverage administered under the system and for no other purpose;

25 (3) If a former member of the local pension fund returns to
 26 service in which the employee would have again become a member of the local
 27 fund, the past service credit may be purchased by the employer for the
 28 employee under the system, and the purchase costs shall be amortized in the
 29 same manner as other service credit purchases are amortized under the system;

30 (4)(A) No benefit amendments shall be made in benefits payable
 31 from the ~~inactive~~ pension fund under the administration of the system.

32 (B) Should the law mandate an increase in benefits to
 33 retired members or their beneficiaries, the increases shall be payable from
 34 the retirement reserve of the ~~inactive~~ pension fund.

35 (C) No prorating of benefits shall be allowed in ~~inactive~~
 36 pension funds under the administration of the system.

1 (D) If the retirement reserve of ~~an inactive~~ a pension
 2 fund shall become inadequate to pay full benefits to eligible recipients, the
 3 system shall require of the employer, and the employer shall remit, such
 4 actuarially computed amounts as are necessary to pay full benefits to current
 5 and future eligible recipients;

6 (5)(A) Once a fund ~~becomes inactive~~ comes under the
 7 administration of the system and a retirement reserve is created as required
 8 by this section, the employer may continue to collect such millages, fines,
 9 fees, state insurance tax turnback, and other revenues as allowed by law for
 10 the support of police retirement programs.

11 (B) The revenues shall be deposited locally in an account
 12 designated by the employer solely for making payments to the system and shall
 13 be used for no other purpose; and

14 (6)(A) All employer contributions for ~~inactive~~ pension funds
 15 shall be made in such amounts, and in such manner, form, and frequency, as
 16 the Board of Trustees of the Arkansas Local Police and Fire Retirement System
 17 shall require.

18 (B) The pension records of ~~inactive~~ pension funds, and
 19 other materials and reports as may be required by the board to administer the
 20 ~~inactive~~ pension funds, shall be provided to the Arkansas Local Police and
 21 Fire Retirement System in such manner as the board shall require.

22
 23 SECTION 4. Arkansas Code § 24-11-804 is amended to read as follows:

24 24-11-804. Administration of small funds by Arkansas Local Police and
 25 Fire Retirement System.

26 (a) ~~In those local fire pension and relief funds which cover fewer~~
 27 ~~than four (4) active members, a local board of trustees may no longer exist,~~
 28 ~~and the pension fund may be designated as inactive by the employer~~ Under §
 29 24-11-204, the local board of trustees of each local fire pension and relief
 30 fund is abolished and shall no longer exist.

31 (b) Administrative responsibility for the local fire pension and
 32 relief fund shall be assigned to the Arkansas Local Police and Fire
 33 Retirement System as allowed by §§ 24-10-301 and 24-10-302 and as provided in
 34 the following procedure:

35 (1)(A) The actuary under contract to the system shall compute
 36 the retirement reserve for vested and active members and for eligible

1 beneficiaries of the ~~inactive~~ pension fund. After receiving the report of
 2 the actuary, the employer shall transfer the computed reserve to the system
 3 to be held in an account designed as the retirement reserve for the ~~inactive~~
 4 pension fund and from which the system shall pay eligible beneficiaries.

5 (B) The retirement reserve and any additional employer
 6 contributions shall include such amounts as are necessary to provide
 7 administrative expenses for the system, but such expenses shall not exceed a
 8 total of one-half of one percent (0.5%) of active member payroll plus one
 9 percent (1%) of annual reserve assets.

10 (2) Any excess assets of the fund remaining after the retirement
 11 reserve is created shall be transferred to an account designated by the
 12 employer, to be used solely for the purpose of making payments to the system
 13 for employee coverage administered under the system, and for no other
 14 purpose.

15 (3)(A) If a former member of the local pension fund returns to
 16 service in which the employee would have again become a member of the local
 17 fund, the past service credit may be purchased by the employer for the
 18 employee under the system and the purchase costs shall be amortized in the
 19 same manner as other service credit purchases are amortized under the system.

20 (B) No benefit amendments shall be made in benefits
 21 payable from the ~~inactive~~ pension fund under the administration of the
 22 system.

23 (C) Should the law mandate an increase in benefits to
 24 retired members or their beneficiaries, the increases shall be payable from
 25 the retirement reserve of the ~~inactive~~ pension fund.

26 (D) No prorating of benefits shall be allowed in ~~inactive~~
 27 pension funds under the administration of the system.

28 (E) If the retirement reserve of ~~an inactive~~ a local
 29 pension fund shall become inadequate to pay full benefits to eligible
 30 recipients or if active members are still covered by the fund, the system
 31 shall require of the employer and the employer shall remit such actuarially
 32 computed amounts as are necessary to pay full benefits to current and future
 33 recipients.

34 (4)(A) Once a fund ~~becomes inactive~~ comes under the
 35 administration of the system and a retirement reserve is created as required
 36 by this section, the employer may continue to collect such millages, state

1 insurance tax turnback, and other revenues allowed by law for the support of
2 fire fighter retirement programs.

3 (B) The revenues shall be deposited locally in an account
4 designated by the employer solely for making payments to the system for
5 employee coverage administered under the system, and for no other purpose.

6 (5)(A) All employer contributions for ~~inactive~~ pension funds
7 shall be made in such amounts and in such manner, form, and frequency as the
8 Board of Trustees of the Arkansas Local Police and Fire Retirement System
9 shall require.

10 (B) The pension records of ~~inactive~~ pension funds and
11 other materials and reports as may be required by the board to administer the
12 ~~inactive~~ pension funds shall be provided to the system in such manner as the
13 board shall require.

14
15 SECTION 5. (a) This act is effective January 1, 2004.

16 (b)(1) Under section 1 of this act, the initial new four (4) member
17 trustees to be appointed by cochair of the Joint Committee on Public
18 Retirement and Social Security Programs shall be appointed for staggered
19 terms to expire each year over a four-year period and the terms shall be
20 designated by the cochair.

21 (2) After the initial terms, the four (4) member trustees to be
22 appointed by cochair of the Joint Committee on Public Retirement and Social
23 Security Programs shall serve terms as the other trustees for four (4) years.

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