

1 State of Arkansas
2 88th General Assembly
3 Regular Session, 2011
4

A Bill

HOUSE BILL 1212

5 By: Representative Carnine
6

For An Act To Be Entitled

8 AN ACT TO PROVIDE THAT THE ACTUARIAL EQUIVALENT SHALL
9 BE USED FOR THE PURCHASE OF SERVICE CREDIT IN THE
10 ARKANSAS TEACHER RETIREMENT SYSTEM; TO SIMPLIFY
11 ACCOUNTING PROCEDURES BY ALLOWING EXISTING SERVICE
12 PURCHASE ACCOUNTS AT THE ARKANSAS TEACHER RETIREMENT
13 SYSTEM TO BE PAID WITHIN A TIME CERTAIN; TO DECLARE
14 AN EMERGENCY; AND FOR OTHER PURPOSES.
15

Subtitle

16
17
18 TO PROVIDE THAT THE ACTUARIAL EQUIVALENT
19 SHALL BE USED FOR THE PURCHASE OF SERVICE
20 CREDIT; THAT EXISTING SERVICE PURCHASE
21 ACCOUNTS BE PAID; TO DECLARE AN
22 EMERGENCY.
23

24
25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
26

27 SECTION 1. Arkansas Code § 24-1-107(b)(1) concerning recognition of
28 federal retirement programs, is amended to read as follows:

29 (b)(1)(A) An active member of the Arkansas Public Employees'
30 Retirement System ~~or the Arkansas Teacher Retirement System~~ shall receive
31 credit for the member's federal service upon the payment of the employee and
32 employer contributions prescribed by the Board of Trustees of the Arkansas
33 Public Employees' Retirement System ~~and the Board of Trustees of the Arkansas~~
34 ~~Teacher Retirement System~~ together with interest from the date the federal
35 service began to the date of payment.

36 (B) An active member of the Arkansas Teacher Retirement



1 System shall receive credit for the member's federal service upon the payment
 2 of the cost of service under § 24-7-502(b) and as prescribed by the Board of
 3 Trustees of the Arkansas Teacher Retirement System.

4
 5 SECTION 2. Arkansas Code § 24-2-502(b), concerning purchased credited
 6 service in a state-supported retirement system, is amended to read as
 7 follows:

8 (b) The benefit program to be applicable to the credited service for
 9 members of the Arkansas Public Employees' Retirement System, ~~or~~ the State
 10 Police Retirement System, or the Arkansas Teacher Retirement System shall be:

11 (1) The benefit program of § 24-4-101 et seq. for members of the
 12 Arkansas Public Employees' Retirement System; ~~or~~

13 (2) The benefit program based on § 24-6-101 et seq. for members
 14 of the State Police Retirement System; or

15 (3) The benefit program based on § 24-7-101 et seq. for members
 16 of the Arkansas Teacher Retirement System.

17
 18 SECTION 3. Arkansas Code § 24-7-202(4), regarding the definition of
 19 "actuarial equivalent, is amended to read as follows:

20 (4) "Actuarial equivalent" means a benefit of equal reserve
 21 value when reserve is the present value of all payment to be made on account
 22 of any benefit based upon such reasonable rate of interest and table of
 23 experience as a plan shall adopt from time to time.

24
 25 SECTION 4. Arkansas Code § 24-7-202, regarding definitions used in the
 26 Arkansas Teacher Retirement System Act, is amended to add a definition to
 27 read as follows:

28 (37)(A) "Service purchase account" means an account established
 29 by a member with the Arkansas Teacher Retirement System to allow the member
 30 to buy service credit in the system as allowed under this subchapter.

31 (B) "Service purchase account" does not include an account
 32 established by the system to allow a member to make payments on unreported or
 33 incorrectly reported contributory service credit that is not resolved through
 34 a release process.

35
 36 SECTION 5. Arkansas Code § 24-7-406(b)(4)(B) and (C), concerning a

1 member's election to pay contributions to the system, are amended to read as
2 follows:

3 (b)(4)(B) If the election is made before July 1, 1984, the member ~~must~~
4 shall contribute to the ~~system~~ Arkansas Teacher Retirement System the
5 difference between full salary member contributions and member contributions
6 based on seven thousand eight hundred dollars (\$7,800) annual covered salary
7 retroactive to July 1, 1969, or to the actual date of employment, whichever
8 is later, ~~plus interest from the dates the added contributions would normally~~
9 ~~have been received by the system to the date of the actual added~~
10 ~~contributions by paying the actuarial equivalent of the member's benefits to~~
11 the system.

12 (C) If the election is made July 1, 1984, or later, the
13 member ~~must~~ shall contribute to the system both the added member
14 contributions and the added employer contributions that would have been paid
15 to the system ~~had~~ if the member's full salary always had been covered, ~~plus~~
16 ~~interest from the dates the added contributions would normally have been~~
17 ~~received by the system to the date of the actual added contributions. by~~
18 paying the actuarial equivalent of the member's benefits to the system.

19
20 SECTION 6. Arkansas Code § 24-7-406(c)(1)(B), concerning the system's
21 right to collect from the employee and the employer unreported required
22 service, is amended to read as follows:

23 (c)(1)(B)(i) ~~Should~~ Before July 1, 2011, if the employer ~~fail~~ fails at
24 ~~any time~~ to report the salary required service of a member and remit the
25 contributions to the system, the system shall have the right to collect from
26 the employee and the employer the contributions due, if any, from each,
27 together with interest beginning with the subsequent fiscal year if the
28 unreported service is within the look-back period under § 24-7-205.

29 (ii) If the unreported service is not within the
30 look-back period, the unreported required service shall be considered an
31 optional purchase of service and the actuarial equivalent of the member's
32 benefits due to the system shall be required by the member.

33 ~~(ii)-(iii)~~ (iii) A member shall not be given credit for
34 service rendered until all ~~contributions and interest due from each~~ are
35 service is paid in full.

36

1 SECTION 7. Arkansas Code § 24-7-406(d)(1), concerning a member's right
2 to repay to the system the amounts the member received in a refund of
3 contributions, is amended to read as follows:

4 (d)(1) In addition to the contributions deducted from the salaries of
5 a member, as provided in this section, a member may ~~deposit into the system,~~
6 ~~by a single contribution or by an increased rate of contributions as approved~~
7 ~~by the board, the amounts the member received in a refund of contributions~~
8 ~~and not repaid, together with interest from the date of withdrawal to the~~
9 ~~date of repayment to reestablish credit for refunded service~~ restore
10 contributory, noncontributory, and any other service credit forfeited in a
11 member termination refund by paying the actuarial equivalent of the member's
12 benefits.

13
14 SECTION 8. Arkansas Code § 24-7-406(e)(3)(A)(ii), concerning a
15 member's contributions, is amended to read as follows:

16 (e)(3)(A)(ii) Beginning July 1, 1999, an active member who has
17 previously elected to eliminate member contributions may change credited
18 service on which no member contributions have been paid to ~~member~~
19 ~~contributions~~ contributory credited service by paying ~~the additional member~~
20 ~~contributions due plus interest from the dates the contributions would have~~
21 ~~been received by the system to the date of the payment in full~~ the actuarial
22 equivalent of the member's benefits to the system.

23
24 SECTION 9. Arkansas Code § 24-7-406(f)(2), concerning a member's right
25 to establish contributory service credit for all or part of his or her
26 service that is cancelled by the system, is amended to read as follows:

27 (f)(2) If such an employee becomes an active member of the
28 contributory plan of this system, he or she may establish contributory
29 service credit for all or part of his or her service that is cancelled by the
30 system by paying ~~both the employee and employer contributions required by~~
31 ~~this system plus interest~~ the actuarial equivalent of the member's benefits
32 to the system.

33
34 SECTION 10. Arkansas Code § 24-7-406(g)(1)(B), concerning a member's
35 election to purchase past service credits through a service purchase
36 contract, is amended to read as follows:

1 (g)(1)(B) ~~If~~ For service purchase accounts established before July 1,
 2 2011 that have an irrevocable payroll authorization established before July
 3 1, 2012, or for accounts established by the system to allow a member to make
 4 payments on unreported or incorrectly reported contributory service, a member
 5 ~~elects~~ may elect to ~~purchase~~ establish past service ~~credits~~ under the
 6 ~~system's purchase of service credit provisions~~ through payroll deductions,
 7 and the employer shall pay the amount required to ~~purchase~~ establish ~~such the~~
 8 past service ~~credits~~ from the employee's salary earned after the employee
 9 signs an irrevocable payroll authorization prescribed by the board, and those
 10 ~~purchases~~ payments shall then be treated as employer contributions in
 11 determining tax treatment under the Internal Revenue Code, as it existed on
 12 January 1, 2011, and the Income Tax act of 1929, § 26-51-101 et seq.

13
 14 SECTION 11. Arkansas Code § 24-7-501(b)(4), concerning the repayment
 15 of benefits for a member who rescinds his or her exclusion from membership in
 16 the system, is amended to read as follows:

17 (b)(4)(A) ~~For~~ Before July 1, 2011, for the membership to be
 18 retroactive, the member ~~must~~ shall pay to the system both the member
 19 contributions and the employer contributions that would have been paid to the
 20 system ~~had there~~ if there had been no exclusion, plus interest from the
 21 effective date of the excluded service to the date of payment in full.

22 (B) On or after July 1, 2011, excluded service may be
 23 established by paying the actuarial equivalent of the member's benefits to
 24 the system.

25
 26 SECTION 12. Arkansas Code § 24-7-502(b)(4), concerning a member's
 27 repayment to the system of unreported service, is amended to read as follows:

28 (b)(4)(A) Before July 1, 2011, an ~~An~~ active member shall receive
 29 credit for any previous unreported service after July 1, 1937, ~~upon~~ by paying
 30 ~~to~~ the system the ~~member~~ employee and employer contributions in effect during
 31 the previous service, together with interest from the dates of the service to
 32 the date of payment in full.

33 (B) On or after July 1, 2011, previous unreported service
 34 rendered after July 1, 1937, may be established by paying the actuarial
 35 equivalent of the member's benefits to the system.

36 ~~(B)(C)~~ For previous service rendered before July 1, 1971,

1 service credit shall be permitted for service in a fiscal school year only if
2 at least ~~one hundred twenty (120)~~ one hundred sixty (160) days of service
3 were rendered in the fiscal school year.

4
5 SECTION 13. Arkansas Code Title 24, Chapter 7, Subchapter 6 is amended
6 to add a section to read as follows:

7 24-7-612. Service credit purchase.

8 (a) A member who purchases service credit in the Arkansas Teacher
9 Retirement System shall pay the actuarial equivalent of the both the employee
10 and employer contributions, as calculated by the system.

11 (b)(1) If a member has an existing service purchase account with the
12 system before July 1, 2011, the member shall pay the balance of the account
13 to the system according to the payment schedule agreed upon by the member and
14 the system.

15 (2) The member shall agree to a reasonable payment schedule with
16 the system on or before June 30, 2012, or the member payments, if any, shall
17 be returned to the member by the system without interest on the member
18 payments as allowed by law.

19 (3) The service purchase account shall be closed after the
20 system has returned the member payments.

21 (c) Beginning July 1, 2011, service purchase accounts shall not be
22 created for the purchase of service credit in the system.

23 (d) The Board of Trustees of the Arkansas Teacher Retirement System
24 may promulgate rules regarding service purchase accounts consistent with this
25 section.

26
27 SECTION 14. Arkansas Code § 24-7-602(a)(1), concerning military
28 service credit, is amended to read as follows:

29 (a)(1) If an active member of the Arkansas Teacher Retirement System
30 enters the armed forces of the United States during any period of compulsory
31 military service, after receiving a refund of member contributions from the
32 system, the compulsory military service required of the member may be
33 established as credited service under this subchapter if after discharge from
34 the armed forces and before retirement the member repays to the system the
35 amount, if any, the member was refunded at the time of termination together
36 with interest from the date of the refund to the date of repayment actuarial

1 equivalent of the member's benefits.

2
 3 SECTION 15. Arkansas Code § 24-7-602(c), concerning payment by a
 4 member for military service credit, is amended to read as follows:

5 (c) If mandated by federal law ~~prior to~~ before December 12, 1994,
 6 armed service not otherwise creditable under ~~the provisions of~~ this section
 7 shall be creditable, provided the member pays ~~both the employee and employer~~
 8 ~~contributions required by the system, plus interest from the date of~~
 9 ~~discharge from active duty until paid in full~~ to the system the actuarial
 10 equivalent of the member's benefits.

11
 12 SECTION 16. Arkansas Code § 24-7-603(c), concerning the purchase of
 13 credit for out-of-state service into the system, is amended to read as
 14 follows:

15 (c) From and after July 1, 1987, an active member shall be eligible to
 16 ~~purchase~~ establish out-of-state service to be credited as service under this
 17 subchapter ~~in accordance with~~ under the following conditions:

18 (1)(A) The out-of-state service credit to be granted shall be
 19 limited to service for which no benefit could be paid by another system
 20 similar in purpose to this system, except social security, if the member had
 21 left on deposit his or her contributions to the other system.

22 (B) The credit under subdivision (c)(1)(A) of this section
 23 is limited to fifteen (15) years;

24 (2)(A)~~(i)~~ The member shall pay to the system for each year of
 25 service credit ~~being granted~~ the actuarial equivalent of the member's
 26 benefits.

27 ~~(a) The product of the sum of the employee and~~
 28 ~~employer contribution rates in effect at the time of purchase multiplied by~~
 29 ~~the greater of:~~

30 ~~(1) The annual salary received by the~~
 31 ~~member for his or her first full year of credited service that precedes the~~
 32 ~~fiscal year in which the service is purchased; or~~

33 ~~(2) The average of the three (3) highest~~
 34 ~~salaries earned at the time of purchase; plus~~

35 ~~(b) Interest from the end of that year of~~
 36 ~~credited service to the date of payment in full.~~

1 ~~(ii) If the payment is not made in a single sum at~~
 2 ~~the time of purchase, interest shall be added from the date of the initial~~
 3 ~~payment to the date of payment in full.~~

4 (B) The payment shall be credited to the member's account
 5 in the members' deposit account and shall be in addition to regular member
 6 contributions thereto;

7 (3)(A) The out-of-state service shall not become credited
 8 service under this system until+

9 ~~(A) The member payments specified in subdivision (c)(2) of~~
 10 ~~this Section have been paid in full; and~~

11 ~~(B)(i) The the member has established five (5) or more~~
 12 ~~years of actual service.~~

13 ~~(ii)(B) Should a member cease~~ If a member ceases to
 14 be an active member before the out-of-state service has been established as
 15 system-credited service, the member payments ~~contributed as specified in~~
 16 ~~subdivision (c)(2) of~~ made under this section shall be refundable;

17 (4) The benefit program to be applied to each year of service
 18 credit being granted shall be the benefit program in effect at the time of
 19 retirement; and

20 (5) Such other rules and regulations consistent with this
 21 subchapter as the Board of Trustees of the Arkansas Teacher Retirement System
 22 may from time to time adopt.

23
 24 SECTION 17. Arkansas Code § 24-7-604(b) and (c) concerning a member's
 25 purchase of overseas service credit in the system, are amended to read as
 26 follows:

27 (b) A member of the Arkansas Teacher Retirement System may receive
 28 membership service credit for service in an overseas school subject to the
 29 following conditions:

30 (1) To be eligible for overseas service credit, a member must
 31 have a minimum of five (5) years of membership service in a position covered
 32 by the system;

33 (2)(A) The overseas service credit to be granted shall be
 34 limited to service for which no benefit could be paid by another system
 35 similar in purpose to this system, except social security.

36 (B) The maximum overseas service credited to any member

1 shall be ten (10) years;

2 (3) To be eligible for a year of overseas service credit, a
3 member must have rendered at least ~~one hundred twenty (120)~~ one hundred sixty
4 (160) days of service. Fractions of years of service may be credited in
5 keeping with policies of the Board of Trustees of the Arkansas Teacher
6 Retirement System as provided by § 24-7-601;

7 (4)(A) ~~Contributions must be paid on the later of the member's~~
8 ~~salary in the overseas school or the annual salary received by him for the~~
9 ~~first full year of state teaching service preceding the fiscal year in which~~
10 ~~service is purchased.~~ Overseas service credit may be established by paying to
11 the system the actuarial equivalent of the member's benefits.

12 (B)(i) ~~The member shall pay the member contribution rate.~~

13 (ii)(a) ~~Employer contributions~~ The employer's cost-
14 of-service credit may be paid either by the employer or by the member.

15 (b) ~~For each year of the member's service~~
16 ~~overseas, employer contributions shall be based upon the employer~~
17 ~~contribution rate in effect for that year, provided employer contributions~~
18 ~~are paid in the year in which the service is rendered. If the employer~~
19 ~~contributions are not paid when service is rendered, the employer~~
20 ~~contributions shall be based on the rate in effect in the year preceding the~~
21 ~~fiscal year in which the service is purchased.~~

22 (c) ~~If contributions were not paid to the system~~
23 ~~promptly, as service was rendered, interest shall be added from the date of~~
24 ~~purchase to the date of payment in full.~~

25
26 SECTION 18. Arkansas Code § 24-7-606(c), regarding payment of service
27 credit in the system for leave of absence to obtain advanced degree, is
28 amended to read as follows:

29 (c) The member shall pay the actuarial equivalent of the member's
30 benefits to the system for each year of service credit being granted+.

31 (1) ~~The product of the sum of the employee and employer~~
32 ~~contribution rates in effect at the time of purchase multiplied by the~~
33 ~~greater of:~~

34 (A) ~~The annual salary received by the member for his or~~
35 ~~her first full year of credited service that precedes the fiscal year in~~
36 ~~which the service is purchased; or~~

1 ~~(B) The average of the three (3) highest salaries earned~~
2 ~~at the time of purchase; plus~~

3 ~~(2) Interest from the end of that year of credited service to~~
4 ~~the date of payment in full.~~

5
6 SECTION 19. Arkansas Code § 24-7-607(b), concerning the purchase by a
7 member of private school service in the system, is amended to read as
8 follows:

9 (b) From and after January 1, 1990, an active member shall be
10 eligible, upon application, to purchase private school service for a period
11 not to exceed fifteen (15) years, to be credited as service under this
12 subchapter ~~in accordance with~~ under the following conditions:

13 (1) The private school service credit to be granted shall be
14 limited to service for which no benefit could be paid by another system
15 similar in purpose to the Arkansas Teacher Retirement System, except social
16 security, if the member left on deposit his or her contributions to the other
17 system ~~and it shall be limited to fifteen (15) years;~~

18 (2)(A) The member shall pay the actuarial equivalent of benefits
19 as set forth under § 24-7-202 to the system for each year of service credit
20 being granted+.

21 ~~(i) The product of the sum of the employee and~~
22 ~~employer contribution rates in effect at the time of purchase multiplied by~~
23 ~~the greater of:~~

24 ~~(a) The annual salary received by the member~~
25 ~~for his or her first full year of credited service that precedes the fiscal~~
26 ~~year in which the service is purchased; or~~

27 ~~(b) The average of the three (3) highest~~
28 ~~salaries earned at the time of purchase; plus~~

29 ~~(ii) Interest from the end of that year of credited~~
30 ~~service to the date of payment in full.~~

31 ~~(B) If the payment is not made in a single sum at the time~~
32 ~~of purchase, interest shall be added from the date of the initial payment to~~
33 ~~the date of payment in full.~~

34 ~~(C)(B)~~ The payment shall be credited to the member's
35 account in the members' deposit account and shall be in addition to regular
36 member contributions thereto;

1 (3) The private school service shall not become credited service
 2 under this system until:

3 (A) The member ~~payments~~ payment ~~specified in subdivision~~
 4 ~~(b)(2) of~~ under this section ~~have~~ has been paid in full; and

5 (B)(i) The member has established five (5) or more years
 6 of actual service exclusive of private school service.

7 (ii) ~~should a member cease~~ If a member ceases to be
 8 an active member before the private school service has been established as
 9 system-credited service, the member payments contributed ~~as specified in~~
 10 ~~subdivision (b)(2) of~~ under this section shall be ~~refundable~~ refunded to the
 11 member;

12 (4) The benefit program to be applied to each year of service
 13 credit being granted shall be the benefit program in effect at the time of
 14 retirement; and

15 (5) Such other rules and regulations consistent with this
 16 subchapter as the Board of Trustees of the Arkansas Teacher Retirement System
 17 may from time to time adopt.

18
 19 SECTION 20. Arkansas Code § 24-7-610(a). concerning a member's
 20 purchase of Arkansas National Guard service credit in the system, is amended
 21 to read as follows:

22 (a)(1) Any member of the Arkansas Teacher Retirement System shall be
 23 entitled to purchase credited service in the system for a period not to
 24 exceed five (5) years for service rendered by the member in the Arkansas
 25 National Guard if the member:

26 (A) Makes an application to the Board of Trustees of the
 27 Arkansas Teacher Retirement System;

28 (B) Provides proof satisfactory to the board of that
 29 person's service in the Arkansas National Guard; and

30 (C) Pays to the system for each year of service credit
 31 being granted+ the actuarial equivalent of the member's benefits.

32 ~~(i) The product of the sum of the employee and~~
 33 ~~employer contribution rates in effect at the time of purchase multiplied by~~
 34 ~~the greater of:~~

35 ~~(a) The annual salary received by the member~~
 36 ~~for his or her first full year of credited service that precedes the fiscal~~

1 ~~year in which the service is purchased; or~~

2 ~~(b) The average of the three (3) highest~~
 3 ~~salaries earned at the time of purchase; plus~~

4 ~~(ii) Interest from the end of that year of credited~~
 5 ~~service to the date of payment in full.~~

6 ~~(2) If the payment for service under this section is not made in~~
 7 ~~a single lump sum payment, interest shall accrue from the date of the initial~~
 8 ~~payment to the date of the payment in full.~~

9 ~~(3)(2)~~ The payment shall be credited to the member's account in
 10 the members' deposit account and shall be in addition to regular member
 11 contributions.

12
 13 SECTION 21. Arkansas Code § 24-7-611(b)(2) and (3), concerning a
 14 member's purchase of domestic federal service in the system, are amended to
 15 read as follows:

16 (2)(A) For each year of domestic federal service credit granted,
 17 the member shall pay to the system the employee and employer contributions
 18 based on+ the actuarial equivalent of the member's benefits.

19 ~~(i) The greater of:~~

20 ~~(a) The annual salary received by the~~
 21 ~~member for the member's first full year of credited service that precedes the~~
 22 ~~fiscal year in which the service is purchased; or~~

23 ~~(b) The average of the three (3) highest~~
 24 ~~salaries earned at the time of purchase; and~~

25 ~~(ii) Interest from the end of that year of credited~~
 26 ~~service to the date of payment in full.~~

27 ~~(B) The contribution rate is the rate in effect at the~~
 28 ~~time of purchase.~~

29 ~~(C) If the payment for service under this section is not~~
 30 ~~made in a single lump sum payment, interest shall accrue from the date of the~~
 31 ~~initial payment to the date of the payment in full.~~

32 ~~(D)(B)~~ The payment is credited to the member's account in
 33 the members' deposit account and is in addition to regular member
 34 contributions;

35 (3) The domestic federal service shall not become credited
 36 service under this system until:

1 (A) The member ~~payments~~ payment ~~specified in subdivision~~
2 ~~(b)(2) of~~ under this section ~~have~~ has been paid in full; and

3 (B)(i) The member has established five (5) or more years
4 of actual service exclusive of domestic federal service.

5 (ii) ~~should a member cease~~ If a member ceases to be
6 an active member before the domestic federal service has been established as
7 system-credited service, the member payments contributed ~~as specified in~~
8 ~~subdivision (b)(2) of~~ under this section shall be ~~refundable~~ refunded to the
9 member;

10
11 SECTION 22. EMERGENCY CLAUSE. It is found and determined by the
12 General Assembly of the State of Arkansas that certain provisions of the
13 Arkansas Teacher Retirement System statutes are in urgent need of revision to
14 bring them into conformance with sound public pension policy; that this
15 revision is of great importance to members of the Arkansas Teacher Retirement
16 System and to other citizens of the State of Arkansas; that a member's
17 purchase of service credit currently provides that a member pay the system
18 yesterday's dollars for the value of today's benefits; that such a valuation
19 is unfair to the members as a whole and inconsistent with the prudent
20 management of the system's funds and obligations; that the purchase of
21 service credit in the system should be based upon actuarial equivalents; that
22 the purchase of service credit should be paid in a lump sum to the system;
23 that current service purchase accounts remain unpaid and inactive for many
24 years at a time and create an administrative burden and accounting difficulty
25 on the system that can be remedied by the passage of this act; and that this
26 act is necessary in order to maintain an orderly system of benefits for the
27 members of the Arkansas Teacher Retirement System. Therefore, an emergency is
28 declared to exist and this act being necessary for the preservation of the
29 public peace, health, and safety shall become effective on July 1, 2011.