

1 State of Arkansas
2 94th General Assembly
3 Regular Session, 2023
4

A Bill

HOUSE BILL 1199

5 By: Representative Perry
6 By: Senator K. Hammer
7

For An Act To Be Entitled

9 AN ACT TO PERMIT A REFUND OF UNUSED PURCHASED SERVICE
10 CREDIT UNDER THE ARKANSAS TEACHER RETIREMENT SYSTEM;
11 TO DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES.
12
13

Subtitle

15 TO PERMIT A REFUND OF UNUSED PURCHASED
16 SERVICE CREDIT UNDER THE ARKANSAS TEACHER
17 RETIREMENT SYSTEM; AND TO DECLARE AN
18 EMERGENCY.
19
20

21 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
22

23 SECTION 1. Arkansas Code § 24-1-107(b)(1)(B), concerning credit for
24 federal service for a member of the Arkansas Teacher Retirement System, is
25 amended to read as follows:

26 (B)(i) An active member of the Arkansas Teacher Retirement
27 System shall receive credit for the member's federal service upon the payment
28 of the cost of service under § 24-7-502(b) and as prescribed by the Board of
29 Trustees of the Arkansas Teacher Retirement System.

30 (ii) At the member's request, a member's payment for
31 federal service credit under this section shall be refunded if the:

32 (a) Member ceases to be an active member
33 before the federal service credit is established as credited service in the
34 system; or

35 (b) Federal service credit is not otherwise
36 used to establish the member's eligibility for retirement under the system.



1
 2 SECTION 2. Arkansas Code § 24-7-602(b), concerning military service
 3 credit for a member of the Arkansas Teacher Retirement System, is amended to
 4 read as follows:

5 (b)(1) All United States Armed Forces service not otherwise creditable
 6 under this section shall be creditable, provided the member pays to the
 7 system the actuarial equivalent for the service credit.

8 (2) At the member's request, a member's payment for United
 9 States Armed Forces service credit under this subsection shall be refunded if
 10 the:

11 (A) Member ceases to be an active member before the United
 12 States Armed Forces service credit is established as credited service in the
 13 system; or

14 (B) United States Armed Forces service credit is not
 15 otherwise used to establish the member's eligibility for retirement under the
 16 system.

17
 18 SECTION 3. Arkansas Code § 24-7-603, concerning service credit under
 19 the Arkansas Teacher Retirement System for service rendered in another state
 20 under similar circumstances, is amended to add an additional subsection to
 21 read as follows:

22 (f) At the member's request, a member's payment under this section
 23 shall be refunded if the:

24 (1) Member ceases to be an active member before the out-of-state
 25 service is established as credited service in the system; or

26 (2) Out-of-state service is not otherwise used to establish the
 27 member's eligibility for retirement under the system.

28
 29 SECTION 4. Arkansas Code § 24-7-604, concerning service credit under
 30 the Arkansas Teacher Retirement System for service rendered at an overseas
 31 school, is amended to add an additional subsection to read as follows:

32 (c) At the member's request, a member's payment under this section
 33 shall be refundable if the:

34 (1) Member ceases to be an active member before the overseas
 35 service is established as credited service in the system; or

36 (2) Overseas service is not otherwise used to establish the

1 member's eligibility for retirement under the system.

2
3 SECTION 5. Arkansas Code § 24-7-605, concerning service credit under
4 the Arkansas Teacher Retirement System for service rendered as a member of
5 the General Assembly, is amended to add an additional subsection to read as
6 follows:

7 (c) At the member's request, member's payment under this section shall
8 be refunded if the:

9 (1) Member ceases to be an active member before the General
10 Assembly service is established as credited service in the system; or

11 (2) General Assembly service is not otherwise used to establish
12 the member's eligibility for retirement under the system.

13
14 SECTION 6. Arkansas Code § 24-7-606(a)(1), concerning a public school
15 teacher or administrator's ability to receive credited service under the
16 Arkansas Teacher Retirement System for leave of absence to obtain an advanced
17 degree at an institution of higher learning or to fulfill the requirements of
18 a scholarship or grant, is amended to read as follows:

19 (a)(1) ~~From and after June 28, 1985, any~~ A public school teacher or
20 administrator who is a member of the Arkansas Teacher Retirement System and
21 takes a leave of absence from a school in order to obtain an advanced degree
22 at an institution of higher learning or to fulfill the requirements of a
23 scholarship or grant shall be eligible, upon application, to receive credited
24 service in the system for the time of actual enrollment in the institution.

25
26 SECTION 7. Arkansas Code § 24-7-606, concerning the purchase of
27 service credit under the Arkansas Teacher Retirement System for time spent on
28 a leave of absence from a school under certain conditions, is amended to add
29 an additional subsection to read as follows:

30 (d) At the member's request, a member's payment under this section
31 shall be refunded if the:

32 (1) Member ceases to be an active member before the service for
33 leave of absence to obtain an advanced degree at an institution of higher
34 learning or to fulfill the requirements of a scholarship or grant is
35 established as credited service in the system; or

36 (2) Service for leave of absence to obtain an advanced degree at

1 an institution of higher learning or to fulfill the requirements of a
 2 scholarship or grant is not otherwise used to establish the member's
 3 eligibility for retirement under the system.

4
 5 SECTION 8. Arkansas Code § 24-7-607(b)(3)(B)(ii), concerning when
 6 private school service becomes credited service under the Arkansas Teacher
 7 Retirement System, is amended to read as follows:

8 (ii) ~~If a member ceases to be an active member~~
 9 ~~before the private school service has been established as system-credited~~
 10 ~~service, the member payments contributed under this section shall be refunded~~
 11 ~~to the member upon request~~ At the member's request, a member's payment for
 12 certified private school service credit shall be refunded if the:

13 (a) Member ceases to be an active member
 14 before the certified private school service is established as credited
 15 service in the system; or

16 (b) Certified private school service is not
 17 otherwise used to establish the member's eligibility for retirement under the
 18 system;

19
 20 SECTION 9. Arkansas Code § 24-7-607(c)(2)(B)(ii), concerning when
 21 noncertified private school service or private education-related entity
 22 private school service becomes credited service under the Arkansas Teacher
 23 Retirement System, is amended to read as follows:

24 (ii) ~~If a member ceases to be an active member~~
 25 ~~before the noncertified service has been established as system-credited~~
 26 ~~service, the member payments contributed under this section shall be refunded~~
 27 ~~to the member upon request~~ At the member's request, a member's payment for
 28 noncertified private school service credit or noncertified private education-
 29 related entity private school service shall be refundable if the:

30 (a) Member ceases to be an active member
 31 before the noncertified private school service or private education-related
 32 entity private school service is established as credited service in the
 33 system; or

34 (b) Noncertified private school service or
 35 private education-related entity private school service is not otherwise used
 36 to establish the member's eligibility for retirement under the system.

1
 2 SECTION 10. Arkansas Code § 24-7-610(f), concerning the refund of
 3 member payments contributed to the Arkansas Teacher Retirement System when a
 4 member ceases to be an active member before service in the National Guard or
 5 the armed forces reserve has been established as system-credited service, is
 6 amended to read as follows:

7 ~~(f) If a member ceases to be an active member before the service in~~
 8 ~~the National Guard or the armed forces reserve has been established as~~
 9 ~~system credited service, the member payments contributed as specified in~~
 10 ~~subdivision (b)(1)(C) of this section shall be refundable~~ At the member's
 11 request, a member's payment under this section shall be refunded if the:

12 (1) Member ceases to be an active member before the service in
 13 the National Guard or the armed forces reserve is established as credited
 14 service in the system; or

15 (2) Service in the National Guard or the armed forces reserve is
 16 not otherwise used to establish the member's eligibility for retirement under
 17 the system.

18
 19 SECTION 11. Arkansas Code § 24-7-611, concerning the purchase of
 20 service credit under the Arkansas Teacher Retirement System for domestic
 21 federal service rendered as a teacher or administrator at a facility
 22 administered by the United States Department of Defense, is amended to add an
 23 additional subsection to read as follows:

24 (e) At the member's request, a member's payment under this section
 25 shall be refunded if the:

26 (1) Member ceases to be an active member before the domestic
 27 federal service is established as credited service in the system; or

28 (2) Domestic federal service is not otherwise used to establish
 29 the member's eligibility for retirement under the system.

30
 31 SECTION 12. EMERGENCY CLAUSE. It is found and determined by the
 32 General Assembly of the State of Arkansas that the operations of a state
 33 public retirement system are complex; that the Arkansas Teacher Retirement
 34 System must be able to meet the needs of its members as anticipated by the
 35 General Assembly; that certain provisions of the Arkansas Teacher Retirement
 36 System Act need revision and updating to bring them into conformance with

1 sound public pension policy and actuarial requirements; that under the
2 current provisions of the Arkansas Teacher Retirement System Act, a member is
3 unable to receive a refund of certain types of purchased service credit when
4 the member becomes inactive or the purchased service is not otherwise used to
5 establish the member's retirement eligibility; that this act would allow
6 members to receive a refund of purchased service credit when the member
7 becomes inactive or the purchased service is not otherwise used to establish
8 the member's retirement eligibility; that the revisions and updates are of
9 great importance to members of the Arkansas Teacher Retirement System and to
10 other citizens of the State of Arkansas; that as the Arkansas Teacher
11 Retirement System operates on a fiscal year of July 1 to June 30, a July 1,
12 2023, effective date is necessary in order to allow the provisions within
13 this act to begin on the first day of the fiscal year and to allow for a
14 structured and proper administration of the procedures referenced in this
15 act; that the updates and revisions to the Arkansas Teacher Retirement System
16 Act are of great importance for actuarial purposes and for the improvement
17 and protection of member benefits under the Arkansas Teacher Retirement
18 System; and that this act is necessary in order to maintain an orderly system
19 of benefits for the members of the Arkansas Teacher Retirement System.
20 Therefore, an emergency is declared to exist, and this act being necessary
21 for the preservation of the public peace, health, and safety shall become
22 effective on July 1, 2023.

23
24
25 **APPROVED: 2/13/23**
26
27
28
29
30
31
32
33
34
35
36