

MINUTES

SENATE INTERIM COMMITTEE ON  
CITY, COUNTY, AND LOCAL AFFAIRS

JUNE 14, 2017

The Senate Interim Committee on City, County, and Local Affairs met Wednesday, June 14, 2017 at 3:30 p.m. in the Fulton Room, Statehouse Convention Center, Little Rock, Arkansas. The meeting was held during the 83<sup>rd</sup> Annual Convention of the Arkansas Municipal League (AML).

Committee members present: Senators Alan Clark, Chair, Lance Eads, Stephanie Flowers, and Will Bond.

Other members present: Representatives Tim Lemons, Scott Baltz, Charles Blake, Jana Della Rosa, Monte Hodges, Mike Holcomb, Bob Johnson, Jack Ladyman, Mark McElroy, George McGill, Ron McNair, Johnny Rye, and Jeff Williams.

**Opening Remarks by Senator Alan Clark**

Senator Clark called the meeting to order. He welcomed the legislators who were present and recognized Don Zimmerman, Executive Director, Arkansas Municipal League.

**Welcome by Don Zimmerman, Executive Director, Arkansas Municipal League**

Mr. Zimmerman welcomed legislators to the Summer Conference of the Arkansas Municipal League (AML). He thanked legislators for working with the AML during the 91<sup>st</sup> legislative Session and for their help accomplishing the passage of AML legislation. He then spoke specifically about the efforts by the General Assembly to pass an internet sales tax proposal during the Session. Although the measure failed to pass, Mr. Zimmerman said the AML is hopeful a similar measure will pass in the future. He gave the example of the significant benefits that cities and towns would gain from the collection of an internet sales tax. Recently, the state received \$7 million in internet sale taxes, which were voluntarily paid to the state by Amazon for one month. The \$7 million was distributed to all cities and towns statewide.

**Consideration of a Motion to Authorize Chair to Approve Special Expenses Incurred by the Senate Interim Committee on City, County, & Local Affairs [Exhibit D]**

A motion to authorize the Senate Chair to approve special expenses incurred was made by Senator Flowers and seconded by Senator Lance Eads. The motion carried unanimously.

**Consideration of a Motion to Adopt for Interim Study Proposal (ISP) 2017-063 “An act to require water providers to provide water service in certain instances to consumers and property owners within service territory protected by the Arkansas Water Plan”**

**[Referred by Senate] [Exhibit E]**

Senator Flowers chaired the meeting while Senator Clark presented his ISP 2017-063. He gave an overview of why the study is needed and said the study will review the issue of fairness to water consumers. Legislators discussed the differences between the goals of the ISP and the newly-created Water Provider Legislative Task Force. Senator Clark said the ISP will focus on issues that impact water consumers who reside in specific municipally-owned territories. Another issue to be looked at is the decrease in population for smaller cities, which creates funding problems for those cities trying to provide adequate water resources to their citizens. Senator Clark explained that the ISP will have a greater latitude to study the effects of water resource limitations and restrictions to municipalities. He believes the legislation that created the Water Provider Legislative Task Force has a much broader approach that will focus on developing an overall statewide vision of water resources. The Task Force also has a limited amount of time to develop and present its findings to the Legislature. A motion to adopt ISP 2017-063 was made by Senator Clark and seconded by Senator Eads. The motion passed unanimously.

**Discussion of a Potential Study of Municipal Retirement Systems in Arkansas [Exhibit F]**

**[Exhibit F-1]**

Senator Clark recognized Representative Jeff Williams, sponsor of proposed ISP 2017-001. Representative Williams presented highlights of his proposal, which requests a study of all of the municipal retirement systems in the state. He referenced paragraphs three and four of Exhibit F, which read in part:

- Inconsistencies in the municipal retirement systems cause confusion for participants, creates inefficiencies in administration, and increases cost for municipalities
- Employees and officials who are eligible to participate in a municipal retirement system seek to lessen the confusion associated with their systems and gain a clearer understanding of the requirements and benefits

Representative Williams said the goal of the study is to collect information from the various retirement systems and develop a method to review the information. The ability to evaluate and compare management procedures, financial structures, and benefit rate distributions of all of the systems is definitely needed. He explained that because this is a House Committee proposal, it will be presented for adoption to the House CCLA Committee at its July meeting. Representative Williams said that he requested the ISP be discussed at this meeting so he could receive input from the Senate CCLA Committee members and the AML participants and staff. He said that if the House CCLA Committee adopts the ISP, a request will then be made to contract with Osborn, Carriero, and Associates to conduct the study.

Senator Clark recognized Jack Critcher, Legislative Liaison, AML, who told the legislators there are currently fifty municipal retirement systems with either a D or F rating. These ratings define the systems that are at risk or worse. He said the AML believes the proposed study is needed to help provide guidance to municipalities and will assist cities and towns in making improvements to their systems.

Senator Clark recognized Jody Carreiro, Actuary, Osborn, Carreiro, & Associates. Mr. Carreiro referenced Exhibit F-1. He described the Exhibit as an initial draft of the services his company could provide under the existing contract with the Arkansas Bureau of Legislative Research (BLR) should ISP 2017-001 be adopted. He then provided information on the types of municipal retirement systems currently operating in the state. There is a wide variety of systems, which include uniform and non-uniform employees. The majority of uniform employees are currently receiving coverage under the Arkansas Local Police and Fire Retirement System (LOPFI). Many cities in Arkansas have elected coverage for non-uniform employees to be provided through the Arkansas Public Employees Retirement System (APERS), but the greater majority of cities have chosen not to use APERS. Legislators then discussed the process involved for the House CCLA Committee to obtain approval to contract with Osborn, Carreiro and Associates.

Senator Clark noted that future discussion regarding the proposed ISP 2017-001 should include the contract cost, plus a timeframe and deadline for Osborn, Carreiro, and Associates to finalize the study and present their findings to the legislature.

#### **Legislative Update – Question & Answer Session**

Senator Clark thanked the legislators for their attendance and thorough discussion of the issues. Mark Hayes thanked the Senate CCLA Committee for holding its meeting during the conference and giving attendees the opportunity to participate.

There being no further business, the meeting adjourned at 4:45 p.m.