

"AN ACT TO AUTHORIZE EMPLOYEES OF CITIES, COUNTIES, SCHOOL DISTRICTS OR THE STATE TO ENTER INTO SALARY REDUCTION AGREEMENTS IN ORDER TO PARTICIPATE IN CAFETERIA FRINGE BENEFIT PLANS; AND FOR OTHER PURPOSES."

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

SECTION 1. For purposes of this Act: (a) "Cafeteria plan" means a written fringe benefits plan which meets the requirements of the Federal Internal Revenue Code;

(b) "Eligible employee" means full time employees of governmental entities;

(c) "Governmental entities" means any agency of the State, any city, any county, any school district, or any other political subdivision of the State;

(d) "Salary reduction agreement" means a written agreement between an eligible employee and a governmental entity whereby the employee agrees to reduce his/her salary by a stated amount, or an amount equal to the employee's cost of benefits selected under a cafeteria plan.

SECTION 2. Any eligible employee who chooses to participate in the plan may enter into a salary reduction agreement with the governmental entity. The governmental entity is authorized, upon request of the eligible employee, to enter into a salary reduction agreement to reduce, each payday, the salary of the eligible employee by an amount of money, or the employee's cost of the selected benefits as designated by the employee.

SECTION 3. The amount by which an eligible employee's salary is reduced pursuant to a salary reduction agreement shall continue to be included as compensation for the purpose of computing retirement benefits.

SECTION 4. All laws and parts of laws in conflict with this Act are hereby repealed.

APPROVED: April 8, 1987

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