

"AN ACT TO AMEND SECTION 1 OF ACT 217 OF 1979, AS AMENDED, [ARK. STAT. 19-1822], AND SECTION 1 OF ACT 839 OF 1979, AS AMENDED, [ARK. STAT. 19-2230], TO REPEAL THE CAP ON BENEFITS PAYABLE FROM LOCAL POLICE PENSION FUNDS; TO CLARIFY THE PENALTY FOR NON-COMPLIANCE; TO REPEAL ACT 951 OF 1981; AND FOR OTHER PURPOSES."

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

SECTION 1. Section 1 of Act 217 of 1979, as amended, the same being Arkansas Statute 19-1822, is hereby amended to read as follows:

"Section 1. The board of trustees of a municipal firemen's relief and pension fund, and the board of trustees of a policemen's pension and relief fund, are hereby authorized to increase benefits for retired members and/or beneficiaries of said firemen's or policemen's pension and relief funds. Any such proposed increase by the board of trustees shall be in strict compliance with the following conditions:

(1) The board of trustees of firemen's or policemen's pension and relief fund shall adopt a resolution approved by not less than three-fourths of the membership of said board of trustees, outlining the proposed increase in benefits.

(2) The action proposed by such board of trustees under said resolution shall be determined by actuarial evaluations to be actuarially feasible to the extent that the unfunded liabilities resulting from the proposed increase in member and/or beneficiary benefits under the fund will be funded over a period of not more than thirty (30) years, reduced by 2 years for each full year elapsed since January 1, 1988, based on the current available and known revenue or income sources available to the retirement and pension fund. Said actuarial evaluations shall be made by an actuary, who is a member of the American Academy of Actuaries, and who is employed by the Arkansas Fire and Police Pension Review Board. The Executive Director of the Arkansas Fire and Police Pension Review Board shall state the actuarial findings in writing to the board of trustees, and shall certify the appropriate action to be taken.

(3) A copy of the resolution adopted by the board of trustees of the firemen's or policemen's pension and relief fund outlining the proposed increase in member and/or beneficiary benefits is filed with the Executive Director who shall determine that an actuarial evaluation has been made in accordance with the provisions of this Act (Sections 19-1822 - 19-1824), and that such actuarial evaluation had determined that said proposed increase in benefits may be funded, over a period of time set forth in subsection (2) above, based on available or defined revenue sources of the relief fund, in which event the Executive Director may approve the said proposed increase to member and/or beneficiary benefits under the firemen's and/or policemen's pension and relief fund, and the board of trustees of such firemen's and/or policemen's pension and relief fund shall comply with the appropriate action as approved by the Executive Director.

(4) A copy of the resolution adopted by said board of trustees, a copy of the actuarial evaluation, and a copy of the action taken by the Executive Director, is filed with the circuit clerk, and the city clerk of the county and city in which the firemen's and/or policemen's pension and relief fund is located. Provided, that all actions taken by the Executive Director shall be subject to review and acceptance by the Arkansas Fire and Police Pension Review Board.

(5) If it is determined by the Arkansas Fire and Police Pension Review Board that a local pension plan is not complying with the provisions of law governing benefit increases, the Executive Director of the Board shall certify such noncompliance to the Insurance Commissioner, and the Insurance Commissioner shall withhold all moneys otherwise due the plan from the State until compliance is achieved."

SECTION 2. Section 1 of Act 839 of 1979, as amended, the same being Arkansas Statute 19-2230, is hereby amended to read as follows:

"Section 1. The board of trustees of a municipal firemen's relief and pension fund, and the board of trustees of a policemen's pension and relief fund, are hereby authorized to increase benefits for retired members and/or beneficiaries of said firemen's or policemen's pension and relief funds. Any such proposed increase by the board of trustees shall be in strict compliance with the following conditions:

(1) The board of trustees of the firemen's or policemen's pension and relief fund shall adopt a resolution approved by not less than three-fourths of the membership of said board of trustees, outlining the proposed increase in benefits.

(2) The action proposed by such board of trustees under said resolution shall be determined by actuarial evaluations to be actuarially feasible to the extent that the unfunded liabilities resulting from the proposed increase in member and/or beneficiary benefits under the fund will be funded over a period of not more than thirty (30) years, reduced by 2 years for each full year elapsed since January 1, 1988, based on the current available and known revenue or income sources available to the retirement and pension fund. Said actuarial evaluations shall be made by an actuary, who is a member of the American Academy of Actuaries, and who is employed by the Arkansas Fire and Police Pension Review Board. The Executive Director of the Arkansas Fire and Police Pension Review Board shall state the actuarial findings in writing to the board of trustees, and shall certify the appropriate action to be taken.

(3) A copy of the resolution adopted by the board of trustees of the firemen's or policemen's pension and relief fund outlining the proposed increase in member and/or beneficiary benefits is filed with the Executive Director who shall determine that an actuarial evaluation has been made in accordance with the provisions of this Act (Sections 19-2230--19-2232), and that such actuarial evaluation had determined that said proposed increase in benefits may be funded, over a period of time set forth in subsection (2) above, based on available or defined revenue sources of the relief fund, in which event the Executive Director may approve the said proposed increase to member and/or beneficiary benefits under the firemen's and/or policemen's pension and relief fund, and the board of trustees of such firemen's and/or policemen's pension and relief fund shall comply with the appropriate action as approved by the Executive Director.

(4) A copy of the resolution adopted by said board of trustees, a copy of the actuarial evaluation, and a copy of the action taken by the Executive Director, is filed with the circuit clerk, and the city clerk of the county and city in which the firemen's and/or policemen's pension and relief fund is located. Provided, that all actions taken by the Executive Director shall be subject to review and acceptance by the Arkansas Fire and Police Pension Review Board.

(5) If it is determined by the Arkansas Fire and Police Pension Review Board that a local pension plan is not complying with the provisions of law governing benefit increases, the Executive Director of the Board shall certify such noncompliance to the Insurance Commissioner, and the Insurance Commissioner shall withhold all moneys otherwise due the plan from the State until compliance is achieved."

SECTION 3. Act 951 of 1981, as amended, the same being Arkansas Statute 19-2233, is hereby repealed.

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

APPROVED: 3/17/87

---