

1 State of Arkansas
2 93rd General Assembly
3 Regular Session, 2021
4

A Bill

HOUSE BILL 1340

5 By: Representative Evans
6 By: Senator L. Eads
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE LAW CONCERNING MEMBER
10 CONTRIBUTIONS, SERVICE CREDIT, CORRECTION OF ERRORS,
11 AND TERMINATION OF MEMBERSHIP UNDER THE ARKANSAS
12 TEACHER RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY;
13 AND FOR OTHER PURPOSES.
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Subtitle

16 TO AMEND THE LAW CONCERNING MEMBER
17 CONTRIBUTIONS, SERVICE CREDIT, CORRECTION
18 OF ERRORS, AND TERMINATION OF MEMBERSHIP
19 UNDER THE ARKANSAS TEACHER RETIREMENT
20 SYSTEM; AND TO DECLARE AN EMERGENCY.
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24 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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26 SECTION 1. Arkansas Code § 24-7-205(b)(1)(C), concerning the
27 correction of errors and the cancellation of contributory service credit when
28 a member owes a balance due to the Arkansas Teacher Retirement System, is
29 amended to read as follows:

30 (C)(i) ~~Cancel any~~ Convert contributory service credit to
31 noncontributory service credit for the fiscal year for which there is a
32 member contribution balance due to the system, if the member that owes the
33 member contribution balance elects to have the system ~~cancel~~ convert the
34 contributory service credit rather than pay the balance due.

35 (ii) If contributory service credit is ~~canceled~~
36 converted to noncontributory service credit under subdivision (b)(1)(C)(i) of



1 this section, the system shall return any member contributions for the
 2 affected portion of that fiscal year without interest.

3
 4 SECTION 2. Arkansas Code § 24-7-205(c), concerning the correction of
 5 errors and the time period in which a correction of errors may be extended
 6 under the Arkansas Teacher Retirement System, is amended to read as follows:

7 (c) A determination, review, administrative action, cause of action,
 8 request to enforce, change, or modify an obligation, duty, benefit
 9 calculation, designation, refund, contribution, service credit, or other
 10 right arising under this subchapter shall not be valid unless commenced
 11 within the look-back period unless the system determines that the
 12 justification to commence the process is due to intentional nondisclosure,
 13 fraud, misrepresentation, criminal act, or an obvious or documented error by
 14 an employer or the system that understated the service credit or salary of a
 15 member ~~upon which all required contributions have been paid.~~

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 17 SECTION 3. Arkansas Code § 24-7-406(c)(1)(B), concerning the failure
 18 of an employer to report service and remit contributions to the Arkansas
 19 Teacher Retirement System, is amended to read as follows:

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

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

31 ~~(iii)~~ (ii) A member shall not be given credit for
 32 service rendered until all member contributions and interest on the
 33 unreported service ~~is~~ are paid in full or the service is converted to
 34 noncontributory service credit under § 24-7-205(b)(1)(C).

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 36 SECTION 4. Arkansas Code § 24-7-502(b)(4), concerning termination of

1 active membership under the Arkansas Teacher Retirement System, is amended to
2 read as follows:

3 ~~(4)(A)(i) Before July 1, 2011, an active member shall receive~~
4 ~~credit for any previous unreported service after July 1, 1937, by paying the~~
5 ~~system the employee and employer contributions in effect during the previous~~
6 ~~service, together with interest from the dates of the service to the date of~~
7 ~~payment in full.~~

8 ~~(ii) On or after July 1, 2011, previous unreported~~
9 ~~service rendered after July 1, 1937, may be established by paying the~~
10 ~~actuarial equivalent of the member's benefits to the system.~~

11 ~~(B) For previous service rendered before July 1, 1971,~~
12 ~~service credit shall be permitted for service in a fiscal year only if the~~
13 ~~minimum days of service rendered is sufficient for one (1) year of service~~
14 ~~credit under § 24-7-601 in a fiscal year.~~

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16 SECTION 5. EMERGENCY CLAUSE. It is found and determined by the
17 General Assembly of the State of Arkansas that the operations of a state
18 public retirement system are complex; that the Arkansas Teacher Retirement
19 System must be able to meet the needs of its members as anticipated by the
20 General Assembly; that certain provisions of the Arkansas Teacher Retirement
21 System Act, § 24-7-201 et seq., are in urgent need of revision and updating
22 to bring them into conformance with sound public pension policy and actuarial
23 requirements; that such revision and updating is of great importance to
24 members of the Arkansas Teacher Retirement System and to other citizens of
25 the State of Arkansas; that the Arkansas Teacher Retirement System needs to
26 have the ability to make changes to maintain and improve its actuarial
27 status; that reporting errors have resulted in harm to the members of the
28 system; that the reporting errors caused members to not receive service
29 credit that the members had earned; that the members are not at fault for the
30 harm caused by the reporting errors; that the option of purchasing earned
31 service credit at actuarial cost would be an excessive burden for the
32 members; that this act is necessary to establish a fairer remedy for the harm
33 caused to the members than the current law provides; that a July 1, 2021
34 effective date is necessary to allow the provisions within this act to begin
35 on the first day of the fiscal year to provide proper administration of the
36 procedures referenced in this act; and that this act is necessary in order to

1 maintain an orderly system of benefits for the members of the Arkansas
2 Teacher Retirement System. Therefore, an emergency is declared to exist, and
3 this act being necessary for the preservation of the public peace, health,
4 and safety shall become effective on July 1, 2021.

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7 **APPROVED: 3/1/21**
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