

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 85th General Assembly
3 Regular Session, 2005
4

A Bill

SENATE BILL 67

5 By: Senator Faris
6
7

For An Act To Be Entitled

9 AN ACT TO AMEND THE ARKANSAS DISTRICT JUDGE
10 RETIREMENT SYSTEM; AND FOR OTHER PURPOSES.
11

Subtitle

12 TO AMEND THE ARKANSAS DISTRICT JUDGE
13 RETIREMENT SYSTEM.
14
15
16

17 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
18

19 SECTION 1. Arkansas Code § 24-2-401 is amended to read as follows:
20 24-2-401. Definitions.

21 As used in this subchapter, unless the context otherwise requires:

22 (1) "Deferred retirement option plan" means an option for
23 retirement under a reciprocal system whereby the retirement system members,
24 in lieu of terminating employment, can continue with employment with covered
25 employers and can accept a service retirement benefit pursuant to deferred
26 retirement option plan provisions in § 24-7-1301 et seq. for the Arkansas
27 Teacher Retirement System or for any other deferred retirement option plan
28 which might be created by, or authorized for creation by, law under a
29 reciprocal system;

30 (2) "Public safety service covered by the Arkansas Public
31 Employees' Retirement System" means service as a public safety member as
32 defined in § 24-4-101(34) and by a person who was employed prior to July 1,
33 1997;

34 (3) "Reciprocal system" means:

35 (A) The Arkansas Teacher Retirement System in operation
36 June 30, 1957, and continued by §§ 24-7-202 - 24-7-205, 24-7-301 - 24-7-305,



1 24-7-401 - 24-7-411, 24-7-501, 24-7-502, 24-7-601 - 24-7-604, 24-7-606, 24-7-
2 701, 24-7-702, 24-7-704 - 24-7-713, 24-7-715, and 24-7-716;

3 (B) The Arkansas State Highway Employees' Retirement
4 System, established by § 24-5-103;

5 (C) The Arkansas Public Employees' Retirement System,
6 established by § 24-4-103;

7 (D) The State Police Retirement System, established by §
8 24-6-203;

9 (E) The Arkansas Judicial Retirement System, established
10 by § 24-8-201 et seq.;

11 (F) The Arkansas District Judge Retirement System,
12 established by §§ 24-8-801 - 24-8-824;

13 ~~(F)~~(G) An alternate retirement plan for:

14 (i) A college, university, or the Department of
15 Higher Education provided for under § 24-7-801 et seq.; or

16 (ii) A vocational-technical school or the Department
17 of Workforce Education provided for under § 24-7-901 et seq.; or

18 ~~(G)~~(H) The Arkansas Local Police and Fire Retirement
19 System provided for under § 24-10-101 et seq.; and

20 (4) "State employer" means:

21 (A) The public employer whose employees are covered under:

22 (i) The Arkansas Teacher Retirement System;

23 (ii) The Arkansas State Highway Employees'
24 Retirement System;

25 (iii) The Arkansas Public Employees' Retirement
26 System; or

27 (iv) The State Police Retirement System;

28 (B) The public employer whose employees are ~~chancery or~~
29 circuit court judges, judges of the Arkansas Court of Appeals, and justices
30 of the Arkansas Supreme Court, whether elected or appointed to office,
31 covered under the Arkansas Judicial Retirement System; ~~or~~

32 (C) The public employer whose employees are district court
33 judges, whether elected or appointed to office, covered under the Arkansas
34 District Judge Retirement System; or

35 ~~(G)~~(D) A public employer who is:

36 (i) A college, university, or the Department of

1 Higher Education whose employees are covered by an alternate retirement plan
2 provided for under § 24-7-801 et seq.; or

3 (ii) A vocational-technical school or the Department
4 of Workforce Education whose employees are covered by an alternate retirement
5 plan provided for under § 24-7-901 et seq.

6
7 SECTION 2. Arkansas Code § 24-2-402(4), pertaining to eligibility for
8 a deferred annuity from a reciprocal retirement system, is amended to read as
9 follows:

10 (4)(A) The person's annuity payable by the preceding reciprocal
11 system shall be upon the basis of the annuity formula of the preceding
12 reciprocal system, exclusive of any minimum amount at the time the person
13 begins to receive monthly retirement benefits from that system.

14 (B) The final average compensation to be used to determine
15 monthly benefits payable to that person shall be that of the reciprocal
16 system which furnishes the highest final average compensation at the time of
17 retirement, but each reciprocal system shall use the method of computing
18 final average compensation stipulated by its law, and compensation in the
19 Arkansas Judicial Retirement System or the Arkansas District Judge Retirement
20 System shall not be used to determine final average compensation.

21 (C) Any person retiring on or after July 1, 1982, with
22 credited service in more than one (1) reciprocal system shall have his or her
23 benefits recomputed based on the provisions of this section;

24
25 SECTION 3. Arkansas Code § 24-2-402(8), pertaining to eligibility for
26 a deferred annuity from a reciprocal retirement system, is amended to read as
27 follows:

28 (8)(A)(i) If the preceding or succeeding reciprocal system
29 offers a deferred retirement option plan for its members, both service in the
30 preceding and the succeeding reciprocal system may be counted to meet the
31 minimum service credit requirements for benefits under a system's deferred
32 retirement option plan.

33 (ii) The benefit payable by the preceding reciprocal
34 system shall be based on the annuity formula of the preceding reciprocal
35 system, exclusive of any minimum amount at the time the person begins to
36 receive monthly retirement benefits from that system under its deferred

1 retirement option provisions.

2 (iii) The final average compensation to be used to
3 determine monthly benefits payable to that person shall be that of the
4 reciprocal system which furnishes the highest final average compensation at
5 the time of retirement, but each reciprocal system shall use the method of
6 computing final average compensation stipulated by its law, and compensation
7 in the Arkansas Judicial Retirement System or the Arkansas District Judge
8 Retirement System shall not be used to determine final average compensation.

9 (iv) Any interest credited to the deferred
10 retirement account will be paid to the member's account under the deferred
11 retirement option benefit program in effect for that system.

12 (B) The boards of trustees of each preceding or succeeding
13 system shall promulgate rules and regulations as are necessary to coordinate
14 their benefits with any system providing a deferred retirement option plan;
15 and

16
17 SECTION 4. Arkansas Code § 24-8-802 is amended to read as follows:

18 24-8-802. Definitions.

19 As used in this subchapter:

20 (1) "Actual service" means service credit beginning January 1,
21 2005, in the Arkansas District Judge Retirement System;

22 (2) "Average annual salary" means the average of the last three
23 (3) years' salary ending with the most recent year;

24 (3) "Board" means the Board of Trustees of the Arkansas District
25 Judge Retirement System;

26 (4) "District judge" means:

27 (A) A district judge in office on December 31, 2004, who
28 is covered under §§ 24-8-801 – 24-8-824; or

29 (B) A district judge in office on or after January 1,
30 2005;

31 ~~(4)~~(5) "Municipal judge retirement fund" means a local municipal
32 judge and clerk retirement fund established by a local government under § 24-
33 8-301 et seq., § 24-8-401 et seq., or § 24-8-501 et seq.;

34 ~~(5)~~(6) "Purchased service" means service credited for retirement
35 purposes on or before December 31, 2004, in a municipal judge retirement
36 fund;

1 ~~(6)~~(7) "System" means the Arkansas District Judge Retirement
 2 System; and

3 ~~(7)~~(8) "Total service" means the sum of actual service and
 4 purchased service.

5
 6 SECTION 5. Arkansas Code § 24-8-803 is amended to read as follows:
 7 24-8-803. Board of trustees.

8 (a) The administration and control of the Arkansas District Judge
 9 Retirement System are vested in the Board of Trustees of the Arkansas
 10 District Judge Retirement System.

11 (b)(1) The board shall consist of five (5) members, as follows:

12 (A) Two (2) members shall be appointed by the Arkansas
 13 District Judges Council;

14 (B) Two (2) members shall be appointed by the Governor;
 15 ~~from a list supplied by employers; and~~

16 *(i) One (1) member shall be from a list supplied by*
 17 *municipal employers and compiled by the Arkansas Municipal League; and*

18 *(ii) One (1) member shall be from a list supplied by*
 19 *county employers and compiled by the Arkansas Association of Counties; and*

20 (C)(i) One (1) member shall be a citizen of the State of
 21 Arkansas appointed by the Governor.

22 (ii) However, the citizen member shall not have
 23 previous service in the judicial system.

24 (2) One (1) of the board members shall be elected by the board
 25 to serve as chair.

26 (3)~~(A)~~ The members of the board shall serve ~~a term of four (4)~~
 27 ~~years~~ staggered terms.

28 *(B) At the board's first regular meeting following the*
 29 *effective date of this section, the members who are on the board on the*
 30 *effective date will draw lots to determine the length of terms.*

31 *(C) The terms will be staggered in the following manner:*

32 *(i) One (1) member's term will expire December 31,*
 33 *2005;*

34 *(ii) One (1) member's term will expire December 31,*
 35 *2006;*

36 *(iii) One (1) member's term will expire December 31,*

1 2007; and

2 (iv) Two (2) members will have terms that expire
3 December 31, 2008.

4 (D) Subsequent appointments will be for a term of four (4)
5 years, and the members will serve until their successors are appointed and
6 qualified.

7 (E) If a vacancy occurs on the board, the vacancy will be
8 filled in the same manner as provided for the initial appointment.

9 (c) The duties of the board are to:

10 (1) Make all rules and regulations to implement this subchapter;

11 (2) Provide administrative direction and control of the
12 executive director and staff as necessary;

13 (3) Appoint an actuary or firm of actuaries to be a technical
14 advisor to the board on the operation of the system on an actuarial basis;

15 (4) Assign duties to the actuary to perform; and

16 (5) Appoint professional investment counsel to be the board's
17 investment advisor and money manager.

18 (d) The board shall meet at least one (1) time during a calendar
19 quarter and at other times as necessary ~~at the call of the chair.~~

20 (e) The board shall serve without pay but may receive expense
21 reimbursement of actual expenses as state employees under § 25-16-902.

22
23 SECTION 6. Arkansas Code § 24-8-805 is amended to read as follows:
24 24-8-805. Trust fund.

25 (a) In addition to the Arkansas District Judge Retirement System in
26 the State Treasury, a bank trust fund or funds may be established and
27 maintained in a federally insured depository institution designated by the
28 Board of Trustees of the Arkansas District Judge Retirement System.

29 (b) The board shall be the trustee of the funds and adhere to the
30 prudent investor rule set forth in §§ 24-2-601 - 24-2-619, as in effect on
31 December 31, 2004.

32 ~~(b) The board shall be the trustees of the funds, subject to the other~~
33 ~~provisions of this subchapter, and may employ professional investment counsel~~
34 ~~with authority to execute transactions.~~

35 ~~(c) The funds of the system shall be invested and reinvested in~~
36 ~~accordance with the following procedures:~~

1 ~~(1) From time to time the board shall formulate the policy to be~~
 2 ~~followed in future investment activity;~~

3 ~~(2) If the board employs investment counsel with authority to~~
 4 ~~execute transactions, the counsel or money manager shall have full power to~~
 5 ~~hold, purchase, sell, assign, transfer, or dispose of any of the moneys or~~
 6 ~~investments of the system under this subchapter and under the investment~~
 7 ~~policy of the board;~~

8 ~~(3) At least semiannually the investment counsel shall file with~~
 9 ~~the board a written report setting forth for the period since its last report~~
 10 ~~all investments purchased and sold, all receipts and disbursements, and any~~
 11 ~~other transactions concerning system moneys;~~

12 ~~(4) At each regular meeting, the board shall examine each~~
 13 ~~written report received from the investment counsel since the last regular~~
 14 ~~meeting;~~

15 ~~(5) The board may direct a specific investment activity and~~
 16 ~~shall be fully responsible for the direction; and~~

17 ~~(6) Investment activity shall be subject to the terms,~~
 18 ~~conditions, limitations, and restrictions imposed by law upon state public~~
 19 ~~employee retirement plans in the making and disposing of their investments.~~

21 SECTION 7. Arkansas Code § 24-8-807(c), concerning membership in the
 22 Arkansas District Judge Retirement System, is amended to read as follows:

23 (c)(1) Any former municipal judge who is eligible to receive a
 24 retirement benefit for service as municipal judge as provided by law before
 25 ~~July 16, 2003~~ January 1, 2005, and any former municipal judge who is
 26 receiving a retirement benefit as provided by law for service as municipal
 27 judge shall participate on and after January 1, 2005, in the Arkansas
 28 District Judge Retirement System and have their benefits administered by this
 29 system.

30 (2) A surviving spouse of a municipal judge who is eligible to
 31 receive a survivor's benefit as provided by law on December 31, 2004, and any
 32 surviving spouse of a municipal judge who is receiving a retirement benefit
 33 as provided by law shall participate on and after January 1, 2005, in the
 34 Arkansas District Judge Retirement System and have their benefits
 35 administered by this system.

1 SECTION 8. Arkansas Code § 24-8-808 is amended to read as follows:
2 24-8-808. Contributions - Members - Refund.

3 (a) The contribution of each member of the Arkansas District Judge
4 Retirement System shall be five percent (5%) of each member's annual salary
5 for service rendered on or after January 1, 2005.

6 (b) If a district judge ceases to be a member prior to qualifying for
7 retirement benefits, the judge ~~shall~~ may be refunded all contributions paid
8 by the judge into the system.

9 (c)(1) For purposes of deferring federal and state income tax and
10 pursuant to the provisions of 26 U.S.C. § 414(h)(2), as adopted by § 26-51-
11 414, the government entity that pays the salary of the judge shall pick up
12 the member's contributions to the system as required by this section and that
13 are payable on or after January 1, 2005.

14 (2)(A) Member contributions paid by the applicable government
15 entity shall be paid from the same source of funds used for the payment of
16 salary to a member.

17 (B) A deduction equal to the amount of the member's
18 contribution paid by the employer shall be made from each member's salary.

19 (3) For all other purposes, member contributions paid by the
20 applicable government entity shall be considered member contributions.

21 (d)(1) The Board of Trustees of the Arkansas District Judge Retirement
22 System shall determine the amount of interest to be paid on members'
23 contribution balances.

24 (2) The interest rate shall not exceed the assumed rate of
25 investment return.

26 (e)(1) A member may repay a refund to reestablish service credit with
27 the Arkansas District Judge Retirement System in the manner prescribed by the
28 board.

29 (2) The member must repay the amounts that were withdrawn plus
30 interest at the system's assumed rate of investment return from the date of
31 withdrawal to the date of repayment.

32
33 SECTION 9. Arkansas Code § 24-8-809 is amended to read as follows:
34 24-8-809. Contributions - Government entity.

35 (a)(1) As employer, the government entity that pays the salary of a
36 district judge shall make contributions to the Arkansas District Judge

1 Retirement System as a percent of the salary of the active district judge
2 based on the most recent actuarial cost report.

3 (2) These contributions will begin January 1, 2005.

4 (b)(1) If any participating public employer fails to file the
5 retirement report with the system by the date established by the Board of
6 Trustees of the Arkansas District Judge Retirement System, the system shall
7 impose a penalty of one hundred fifty dollars (\$150) for each time the report
8 is late.

9 (2) A statement of the penalty shall be sent to the
10 participating employer.

11 (3) If the penalty is not received by the last business day of
12 the month in which the report was due, then the system shall cause the amount
13 to be transferred from any moneys due the participating public employer from
14 the Treasurer of State ~~or the Department of Education~~ as provided in § 19-5-
15 106(a)(5).

16 (c)(1) If any participating public employer fails to remit to the
17 system moneys that are required by law to be remitted by the date and at the
18 frequency established by the board, the system shall impose a penalty equal
19 to the actuarially assumed rate of return on investments of the fund in the
20 form of interest on an annual basis on the moneys due.

21 (2) The interest penalty is computed on the actual days of
22 delinquency.

23 (3) The interest penalty is determined by the system on the date
24 the delinquent funds are received. A statement of the interest due shall be
25 sent to the participating public employer.

26 (4) If the interest penalty or delinquent moneys are not
27 received by the system on or before the last business day of the month in
28 which the moneys were originally due, the system shall cause the sums of
29 moneys, including interest, to be transferred from any moneys due the
30 participating public employer from the office of the Treasurer of State as
31 provided in § 19-5-106(a)(5).

32
33 SECTION 10. Arkansas Code § 24-8-810(e), pertaining to additional
34 funding for retirement benefits, is amended to read as follows:

35 (e)(1) The accrued benefit used to determine the accrued liability
36 under this section shall be determined by:

1 (A) Calculating the benefit that the judge would be
 2 eligible to receive on December 31, 2004, as provided by law before July 16,
 3 2003, if the judge were eligible to begin receiving benefits on January 1,
 4 2005; and

5 (B) Multiplying the amount in subdivision (e)(1)(A) of
 6 this section by the number of years of eligible service and then dividing by
 7 the greater of either the number of years of service needed to be eligible to
 8 retire or the current years of eligible service.

9 (2) The service years shall be determined under the law before
 10 ~~July 16, 2003~~ January 1, 2005.

11
 12 SECTION 11. Arkansas Code § 24-4-812 is amended to read as follows:
 13 24-8-812. Actual service requirement.

14 (a) Benefits under this subchapter shall be based on actual service in
 15 the Arkansas District Judge Retirement System beginning January 1, 2005.

16 (b)(1) Eligibility for benefits will be based on actual service in the
 17 Arkansas District Judge Retirement System plus the equivalent service
 18 purchased from the Municipal Judge and Clerk Retirement System as of January
 19 1, 2005.

20 (2) This subchapter is not intended to decrease the benefits
 21 earned or increase the eligibility requirements for members who were
 22 participants in a local plan, as authorized by law, prior to January 1, 2005.

23 (3) The benefits earned and those eligibility requirements shall
 24 transfer to the Arkansas District Judge Retirement System.

25 (c) Any laws permitting the purchase of nonvested service or providing
 26 free credited service shall not apply to this subchapter.

27 (d) The provisions of §§ 24-2-501 and 24-2-502, concerning free and
 28 purchased credited service, shall not apply to the Arkansas District Judge
 29 Retirement System.

30
 31 SECTION 12. Arkansas Code § 24-8-816(c), pertaining to retirement and
 32 survivor's benefits, is amended to read as follows:

33 (c)(1) Survivors' benefits shall be fifty percent (50%) of the amount
 34 of the retirement benefits of an active district judge or a judge who has
 35 retired under the provisions of a local plan before January 1, 2005.

36 (2) Upon the death of an active district judge who has served at

1 least three (3) years, the judge's survivors shall receive a sum equal to
 2 fifty percent (50%) of the retirement benefits provided in subsection (a) of
 3 this section.

4 (3) Survivors' benefits shall be payable as follows:

5 (A) If the deceased judge is survived by a spouse to whom
 6 the judge was married for not less than one (1) year and with whom the judge
 7 was living at the time of death and if the decedent is not survived by any
 8 minor child or children, then the spouse shall draw for life or until
 9 remarriage a sum equal to fifty percent (50%) of the benefits provided in
 10 subsection (a) of this section;

11 (B)(i) If the decedent is survived by both an eligible
 12 spouse and minor children, then one-half (1/2) of the survivors' benefits
 13 shall be paid to the spouse for life or until remarriage.

14 (ii) The other one-half (1/2) of the survivors'
 15 benefits shall be paid to the guardian of the minor children during the
 16 period of minority.

17 (iii) When all of the children cease to be minors,
 18 then the survivors' benefits paid to the minor children shall be paid to the
 19 spouse; ~~and~~

20 (C) If the deceased judge is not survived by an eligible
 21 spouse but is survived by minor children, then the survivors' benefits under
 22 subsection (a) of this section shall be payable to the guardian of the minor
 23 children during the period of minority; and

24 (D) If a surviving spouse who is receiving survivors'
 25 benefits under this section remarries and the benefits are discontinued and
 26 the surviving spouse again becomes unmarried, benefits provided in this
 27 section for the spouse shall be resumed.

28
 29 SECTION 13. Arkansas Code § 24-8-819 is amended to read as follows:

30 24-8-819. Redetermination of benefits.

31 (a) The provisions of this section shall apply only to benefits
 32 provided for members of the Arkansas District Judge Retirement System for
 33 service rendered after January 1, 2005.

34 (b)(1) Each July 1 the system shall redetermine the amount of each
 35 monthly benefit that has been payable by the system for at least twelve (12)
 36 full calendar months.

1 (2) The redetermined amount shall be payable for the following
2 twelve (12) calendar months.

3 (c) ~~Subject to the maximum stated in subsection (d) of this section,~~
4 ~~the~~ The redetermined amount shall be the amount of benefit payable as of the
5 immediately preceding July 1 increased by three percent (3%).

6 ~~(d) In no event shall the redetermined amount be more than the amount~~
7 ~~of the benefit payable as of the immediately preceding July 1 multiplied by~~
8 ~~the following fraction:~~

9 ~~(1) The numerator shall be the average of the consumer price~~
10 ~~index for the twelve (12) calendar months in the calendar year immediately~~
11 ~~preceding July 1 but in no event an amount less than the denominator; and~~

12 ~~(2) The denominator shall be the average of the consumer price~~
13 ~~index for the twelve (12) calendar months in the calendar year second~~
14 ~~preceding the redetermination date.~~

15
16 SECTION 14. Arkansas Code § 24-8-821 is amended to read as follows:

17 24-8-821. Reciprocal system.

18 (a) The Arkansas District Judge Retirement System is a reciprocal
19 system under §§ 24-2-401 – 24-2-404.

20 (b) There is no reciprocal service with the local municipal judge
21 retirement systems before ~~July 16, 2003~~ January 1, 2005.

22 (c) In establishing eligibility for a benefit from the system, the
23 credited service under all reciprocal systems shall be totaled, and the total
24 credited service shall be used in determining eligibility for a system
25 benefit.

26 (d) In determining the amount of a benefit from the system, there
27 shall be used only the credited service under the system and the benefit
28 formula of the system.

29 (e) Wherever the system provides a benefit amount that is not
30 dependent on length of credited service, the benefit amount shall be reduced
31 to the proportion that system-credited service bears to total reciprocal
32 system-credited service.

33
34 SECTION 15. Arkansas Code Title 24, Chapter 8, Subchapter 8 is amended
35 to add three additional sections to read as follows:

36 24-8-822. Termination required for retirement.

1 (a) A member of the Arkansas District Judge Retirement System must
2 terminate covered employment to be eligible for retirement.

3 (b) A member is not terminated from employment for retirement purposes
4 if the person returns to a position that would otherwise be covered within
5 thirty (30) days of the person's effective date of retirement.

6 (c) Persons failing to meet termination requirements shall forfeit
7 their benefits until the requirements are met.

8
9 24-8-823. Benefit provisions – Subjection of annuity rights to process
10 of law.

11 (a)(1) The right of a person to an annuity, to the return of
12 accumulated contributions, the annuity itself, any annuity option, any other
13 right accrued or accruing under the provisions of §§ 24-8-801 – 24-8-824, and
14 all moneys belonging to a plan shall not be subject to execution,
15 garnishment, attachment, the operation of bankruptcy or insolvency laws, or
16 any other process of law.

17 (2) The rights described in subdivision (a)(1) of this section
18 shall not be assignable except where a qualified domestic relations order has
19 been filed, pursuant to §§ 9-18-101 – 9-18-103, or except as specifically
20 provided in this chapter.

21 (b) An employer shall have the right of setoff for any claim arising
22 from embezzlement by or fraud of a member, retirant, or beneficiary.

23
24 24-8-824. Adjustment of erroneous payments.

25 (a)(1) If any change or error in the records of the Arkansas District
26 Judge Retirement System or any audit of a member's annuity calculations
27 results in any person receiving more or less than the person is entitled to
28 receive had the records or the calculations been correct, the Board of
29 Trustees of the Arkansas District Judge Retirement System shall correct the
30 error and adjust the payment in accordance with this subchapter so that the
31 actuarial equivalent of the benefit to which the person was correctly
32 entitled is paid.

33 (2) However, no monthly adjustment of less than one dollar
34 (\$1.00) shall be made.

35 (b) If an overpayment is determined, any subsequent payments shall be
36 adjusted to the correct amount.

1 (c) If an underpayment is determined, regardless of the date of the
 2 determination, the system shall pay in a lump sum to the person the total of
 3 any underpayments made prior to the date of determination, and any subsequent
 4 payments shall be adjusted to the correct amount.

5
 6 SECTION 16. Arkansas Code § 24-8-902(d), pertaining to additional
 7 funding for district court clerks, is amended to read as follows:

8 (d)(1) The accrued benefit used to determine the accrued liability
 9 under this section shall be determined by:

10 (A) Calculating the benefit that the court clerk would be
 11 eligible to receive on December 31, 2004, as provided by law before ~~July 16,~~
 12 ~~2003~~ January 1, 2005, if the court clerk were eligible to begin receiving
 13 benefits on January 1, 2005; and

14 (B) Multiplying the amount in subdivision (d)(1)(A) of
 15 this section by the number of years of eligible service and then dividing by
 16 the greater of:

17 (i) The number of years of service needed to be
 18 eligible to retire; or

19 (ii) The current years of eligible service.

20 (2) The service years are to be determined under the law before
 21 ~~July 16, 2003~~ January 1, 2005.

22
 23 SECTION 17. Arkansas Code Title 24, Chapter 8, Subchapter 9 is amended
 24 to add an additional section to read as follows:

25 24-8-904. Reciprocal system.

26 (a) Court clerks placed in the Arkansas Public Employees Retirement
 27 System under §§ 24-8-901 – 24-8-904, and whose past service credit was placed
 28 in the Arkansas District Judge Retirement System shall be covered by the
 29 reciprocal provisions of §§ 24-2-401 – 24-2-404.

30 (b) There is no reciprocal service between the local municipal judge
 31 retirement systems and the reciprocal systems listed in § 24-2-401(1) before
 32 January 1, 2005.

33 (c) In establishing eligibility for a benefit from each system, the
 34 credited service under all reciprocal systems is totaled, and the credited
 35 service is used in determining eligibility for each system benefit.

36 (d)(1) Only the credited service under that system and the benefit

1 formula of the system is used in determining the amount of a benefit from
2 each system.

3 (2) This subchapter is not intended to decrease the benefits
4 earned nor increase the eligibility requirements for members who were
5 participants in a local plan, as authorized by law, prior to January 1, 2005.

6 (3) The benefits earned and those eligibility requirements shall
7 transfer to the Arkansas District Judge Retirement System.

8 (e) If the system provides a benefit amount that is not dependent on
9 length of credited service, the benefit amount shall be reduced to the
10 proportion that system-credited service bears to total reciprocal system-
11 credited service.

12
13 SECTION 18. EMERGENCY CLAUSE. It is found and determined by the
14 General Assembly of the State of Arkansas that for the effective
15 administration of this act and to avoid undue harm to the members and benefit
16 recipients of the Arkansas District Judge Retirement System that this act
17 should become effective on July 1, 2005. Therefore, an emergency is declared
18 to exist and this act being necessary for the preservation of the public
19 peace, health, and safety shall become effective on:

20 (1) The date of its approval by the Governor;

21 (2) If the bill is neither approved nor vetoed by the Governor,
22 the expiration of the period of time during which the Governor may veto the
23 bill; or

24 (3) If the bill is vetoed by the Governor and the veto is
25 overridden, the date the last house overrides the veto.

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