

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.

Act 177 of the Regular Session

As Engrossed: S1/30/07 S2/15/07

A Bill

1 State of Arkansas
2 86th General Assembly
3 Regular Session, 2007

SENATE BILL 90

4
5 By: Senator Faris
6
7

8 **For An Act To Be Entitled**

9 AN ACT TO TRANSFER THE ARKANSAS DISTRICT JUDGE
10 RETIREMENT SYSTEM TO THE ARKANSAS PUBLIC
11 EMPLOYEES' RETIREMENT SYSTEM; AND FOR OTHER
12 PURPOSES.
13

14 **Subtitle**

15 TO TRANSFER THE ARKANSAS DISTRICT JUDGE
16 RETIREMENT SYSTEM TO THE ARKANSAS PUBLIC
17 EMPLOYEES' RETIREMENT SYSTEM.
18
19

20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
21

22 SECTION 1. Arkansas Code Title 24, Chapter 4, Subchapter 7 is
23 amended to read as follows:

24 24-4-750. Arkansas District Judge Retirement System abolished –
25 Powers, duties, and plan liabilities transferred to Arkansas Public
26 Employees' Retirement System.

27 (a) The Arkansas District Judge Retirement System, established by §
28 24-8-801 et seq., is abolished, and its powers, duties, and plan liabilities
29 are transferred to the Arkansas Public Employees' Retirement System by a type
30 3 transfer as prescribed in § 25-2-106.

31 (b) For purposes of this act, the Arkansas Public Employees'
32 Retirement System shall be considered a principal department established by
33 Acts 1971, No. 38.

34 (c)(1) The Arkansas Public Employees' Retirement System shall maintain
35 the same process of payments under § 24-4-751.



1 (2) Active members of the Arkansas District Judge Retirement
2 System on the date of the transfer shall continue to accrue the same program
3 of benefits received before the transfer.

4 (3) As employer, the government entity that pays the salary of a
5 district judge shall make contributions to the Arkansas Public Employees'
6 Retirement System as a percent of the salary of the active district judge at
7 the rate previously established to fund the district judge benefit program
8 unless the Arkansas Public Employees' Retirement System's actuary determines
9 that a different required contribution rate should be applied.

10 (d) Each district judge joining the Arkansas Public Employees'
11 Retirement System after the date of transfer shall be deemed an elected
12 official of a city or county and shall receive service credit under § 24-4-
13 101(15)(B).

14
15 SECTION 2. Arkansas Code § 16-10-307(c)(1)(C), concerning the county
16 administration of justice fund, is amended to read as follows:

17 (C) ~~Notwithstanding the creation of the Arkansas District~~
18 ~~Judge Retirement System on January 1, 2005, all~~ All local ordinances of the
19 counties and cities authorized and adopted under § 24-8-318 shall remain in
20 full force and effect.

21
22 SECTION 3. Arkansas Code § 16-10-308(c)(1)(C), concerning the city
23 administration of justice fund, is amended to read as follows:

24 (C) ~~Notwithstanding the creation of the Arkansas District~~
25 ~~Judge Retirement System on January 1, 2005, all~~ All local ordinances of the
26 counties and cities authorized and adopted under § 24-8-318 shall remain in
27 full force and effect.

28
29 SECTION 4. Arkansas Code § 16-17-135(c), concerning counties
30 authorized to employ and compensate district court judges as criminal
31 magistrates, is amended to read as follows:

32 (c) A county, city, or town that contributes to the salary of a
33 district judge may treat the increased payment for magistrate duties as
34 salary to be calculated for purposes of the ~~Arkansas District Judge~~
35 ~~Retirement System, § 24-8-801 et seq.~~ Arkansas Public Employees' Retirement
36 System.

1
2 SECTION 5. Arkansas Code § 19-4-1107(6)(D), concerning supporting
3 documents for the disbursing of state funds, is amended to read as follows:

4 (D) In the case of vouchers written upon the Arkansas Public
5 Employees' Retirement System Fund, the Arkansas Local Police and Fire
6 Retirement System Fund, the State Police Retirement System Fund, the Arkansas
7 Judicial Retirement System Fund, ~~the Arkansas District Judge Retirement~~
8 ~~System~~, and the Arkansas Teacher Retirement System Fund for retiree benefits,
9 the Auditor of State shall process paper or electronic warrants to pay the
10 vouchers upon certification by the Chief Fiscal Officer of the State that
11 funds are available from the Arkansas Public Employees' Retirement System,
12 the Arkansas Local Police and Fire Retirement System, the State Police
13 Retirement System, the Arkansas Judicial Retirement System, ~~the Arkansas~~
14 ~~District Judge Retirement System~~, and the Arkansas Teacher Retirement System
15 funds with which to pay the warrants when they shall be presented for
16 payment.

17
18 SECTION 6. Arkansas Code § 24-2-401(3), concerning the definition of
19 "reciprocal system," is amended to read as follows:

20 (3) "Reciprocal system" means:

21 (A) The Arkansas Teacher Retirement System in operation
22 June 30, 1957, and continued by §§ 24-7-202 - 24-7-205, 24-7-301 - 24-7-305,
23 24-7-401 - 24-7-411, 24-7-501, 24-7-502, 24-7-601 - 24-7-604, 24-7-606, 24-7-
24 701, 24-7-702, 24-7-704 - 24-7-713, 24-7-715, and 24-7-716;

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

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

29 (D) The State Police Retirement System, established by §
30 24-6-203;

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

33 ~~(F) The Arkansas District Judge Retirement System,~~
34 ~~established by § 24-8-801 et seq.;~~

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

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

1 Higher Education provided for under § 24-7-801 et seq.; or
2 (ii) A vocational-technical school or the Department
3 of Workforce Education provided for under § 24-7-901 et seq.; or
4 ~~(H)~~(G) The Arkansas Local Police and Fire Retirement
5 System provided for under § 24-10-101 et seq.; and
6

7 SECTION 7. Arkansas Code § 24-2-401(4)(C), concerning the definition
8 of "state employer", is amended to read as follows:

9 (C) The public employer whose employees are district court
10 judges, whether elected or appointed to office, covered under the ~~Arkansas~~
11 ~~District Judge Retirement System~~ Arkansas Public Employees' Retirement
12 System; or
13

14 SECTION 8. Arkansas Code § 24-2-402(4)(B), concerning deferred
15 annuities, is amended to read as follows:

16 (B) The final average compensation to be used to determine
17 monthly benefits payable to that person shall be that of the reciprocal
18 system which furnishes the highest final average compensation at the time of
19 retirement, but each reciprocal system shall use the method of computing
20 final average compensation stipulated by its law, and compensation in the
21 Arkansas Judicial Retirement System ~~or the Arkansas District Judge Retirement~~
22 ~~System~~ shall not be used to determine final average compensation.
23

24 SECTION 9. Arkansas Code § 24-2-502(8)(A)(iii), concerning deferred
25 retirement plans under preceding or reciprocal systems, is amended to read as
26 follows:

27 (iii) The final average compensation to be used to
28 determine monthly benefits payable to that person shall be that of the
29 reciprocal system which furnishes the highest final average compensation at
30 the time of retirement, but each reciprocal system shall use the method of
31 computing final average compensation stipulated by its law, and compensation
32 in the Arkansas Judicial Retirement System ~~or the Arkansas District Judge~~
33 ~~Retirement System~~ shall not be used to determine final average compensation.
34

35 SECTION 10. Arkansas Code Title 24, Chapter 4, Subchapter 7 is amended
36 to add an additional section to read as follows:

1 24-4-751. Additional funding for retirement benefits.

2 (a) The government entity that had previously established a local
3 municipal judge's retirement fund shall be required to contribute an amount
4 of money that represents the actuarially determined accrued liability for
5 those judges and former judges who were covered by the local fund on December
6 31, 2004.

7 (b) The assets in the local municipal judge retirement fund, not to
8 exceed the amount in subsection (a) of this section, shall be paid to the
9 Arkansas Public Employees' Retirement System on January 1, 2008.

10 (c) If the local municipal judge retirement fund does not have
11 sufficient money available to pay the amount determined in subsection (a) of
12 this section to the system on January 1, 2008, then the remaining amount of
13 actuarially determined accrued liability shall be paid on or before December
14 31 each year after for up to the next thirty (30) years based on a thirty-
15 year amortization period.

16 (d)(1) If the amount in the municipal judge retirement fund is greater
17 than the actuarially determined amount of the liabilities to be transferred
18 to the system, that excess may be retained by the sponsoring government
19 entity for the sole purpose of paying the retirement benefits of district
20 judges.

21 (2) If at any time in the future an obligation to fund the
22 system no longer exists, then any excess shall be retained by the sponsoring
23 government entity.

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

26 (A) Calculating the benefit that the judge would be
27 eligible to receive on December 31, 2004, as provided by law before July 16,
28 2003, if the judge was eligible to begin receiving benefits on January 1,
29 2005; and

30 (B) Multiplying the amount in subdivision (e)(1)(A) of
31 this section by the number of years of eligible service and then dividing by
32 the greater of either the number of years of service needed to be eligible to
33 retire or the current years of eligible service.

34 (2) The service years shall be determined under the law before
35 January 1, 2005.

36 (f) The accrued benefit determined under subsection (e) of this

1 section for any retiree or surviving spouse who is receiving benefits on
2 December 31, 2004, shall be the amount that he or she is receiving or
3 entitled to receive on that date.
4

5 SECTION 11. Arkansas Code § 24-8-318(b), concerning additional funding
6 sources for retirement benefits, is amended to read as follows:

7 (b) ~~Notwithstanding the creation of the Arkansas District Judge~~
8 ~~Retirement System on January 1, 2005, all~~ All ordinances passed pursuant to
9 this section shall remain in full force and effect.
10

11 SECTION 12. Arkansas Code 24-8-807(a), concerning the membership of
12 the Arkansas District Judge Retirement System, is amended to read as follows:

13 (a) (1) If elected or appointed to office, all district judges shall
14 participate in the Arkansas District Judge Retirement System beginning
15 January 1, 2005.

16 (2) Effective July 1, 2007, the Arkansas District Judge
17 Retirement System is abolished.
18

19 SECTION 13. Arkansas Code § 24-8-902(a), concerning additional funding
20 for district court clerks, is amended to read as follows:

21 (a) A local government that has established a municipal judge's
22 retirement fund shall contribute an amount of money to the ~~Arkansas District~~
23 ~~Judge Retirement System~~ Arkansas Public Employees' Retirement System that
24 shall represent the actuarially determined accrued liability for those court
25 clerks and former court clerks who are covered by the municipal judge's
26 retirement fund on December 31, 2004.
27

28 SECTION 14. Arkansas Code § 24-8-904 is amended to read as follows:

29 24-8-904. Reciprocal system.

30 (a) Court clerks placed in the Arkansas Public Employees' Retirement
31 System under this subchapter ~~whose past service credit was placed in the~~
32 ~~Arkansas District Judge Retirement System~~ shall be covered by the reciprocal
33 provisions of §§ 24-2-401 - 24-2-404.

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

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

4 (d)(1) Only the credited service under that system and the benefit
5 formula of that system are used in determining the amount of a benefit from
6 each system.

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

10 (3) The benefits earned and those eligibility requirements shall
11 transfer to the ~~Arkansas District Judge Retirement System~~ Arkansas Public
12 Employees' Retirement System.

13 (e) If a system provides a benefit amount that is not dependent on
14 length of credited service, the benefit amount shall be reduced to the
15 proportion that system-credited service bears to total reciprocal system-
16 credited service.

17
18 SECTION 15. EMERGENCY CLAUSE. It is found and determined by the
19 General Assembly of the State of Arkansas that this bill affects the
20 structure of the Arkansas District Judge Retirement System and the Arkansas
21 Public Employees' Retirement System and the ideal time to make revisions to
22 the retirement systems is at the beginning of the state's fiscal year.
23 Therefore, an emergency is declared to exist and this act being necessary for
24 the preservation of public peace, health, and safety shall become effective
25 on July 1, 2007.

26
27 /s/ Faris

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29 APPROVED: 3/1/2007