

Hall of the House of Representatives
83rd General Assembly - Regular Session, 2001
Amendment Form

Subtitle of House Bill No. 1347

"TO INCREASE THE MINIMUM SUPPLEMENT FOR RETIRED OFFICERS AND
BENEFICIARIES UNDER THE ARKANSAS POLICEMEN'S PENSION SUPPLEMENT
PROGRAM."

Amendment No. 1 to House Bill No. 1347.

Amend House Bill No. 1347 as originally introduced:

Page 1, delete lines 9 through 12 and substitute the following:

"AN ACT TO AMEND VARIOUS SECTIONS OF ARKANSAS CODE TITLE 24, CHAPTER 11, SUBCHAPTERS 2, 3, AND 8 TO CLARIFY THE ALLOCATION OF INSURANCE PREMIUM TAX FUNDS TO THE ARKANSAS POLICEMEN'S PENSION SUPPLEMENT PROGRAM, TO INCREASE THE SUPPLEMENT AMOUNT, AND TO ALLOW DROP MEMBERS TO PARTICIPATE; AND FOR OTHER PURPOSES. "

AND

Page 1, lines 15 through 18 and substitute the following:

"AN ACT TO AMEND THE ARKANSAS POLICEMEN'S PENSION SUPPLEMENT PROGRAM TO CLARIFY THE ALLOCATION OF INSURANCE PREMIUM TAX FUNDS AND INCREASE THE SUPPLEMENT AMOUNT AND ALLOW DROP MEMBERS TO PARTICIPATE. "

AND

Page 1, line 32, add ", or the amount in subdivision (d)(2) of this section, whichever is greater" between "month" and the semi colon

AND

Page 1, line 36, delete "two hundred dollars (\$200)" and substitute "fi fty dol lars (\$50.00)"

AND

Page 2, line 1, add the following:

"SECTION 2. Arkansas Code 24-11-211(a), concerning participation in the Policemen's Pension Supplement Program, is amended to read as follows:
(a) There is hereby created the Arkansas Policemen's Pension

Supplement Program to be administered by the Arkansas Fire and Police Pension Review Board. Local and municipal police officers provide valuable services to the citizens of this state by risking their lives and health to protect the lives and property of our citizens. Upon their retirement or participation in a DROP plan from active service, these police officers are provided retirement benefits through local police pension funds. These retired police officers and their survivors, if deceased, are expected to pay for all kinds of expenses after their retirement, some which are unexpected and can be extremely expensive. A program by which the state can provide a modest annual supplement to retirement benefits to defray unexpected expenses for retired police officers and their survivors will benefit all local police officers, local governments, and all citizens of the state. As used in this section, the term "retired police officers" shall include police officers who are retired from active service and officers who remain actively employed while participating in the Police Officers' Deferred Option Plan under a policemen's pension and relief fund.

SECTION 3. Arkansas Code Title 24, Chapter 11, Subchapter 2 is amended to add an additional section to read as follows:

24-11-212. Future Supplement Fund.

(a) A Future Supplement Fund-Police and Future Supplement Fund-Fire are created for the purpose of providing cost of living assistance and minimum benefit amount assistance to police and fire pension and relief funds.

(b) The Future Supplement Funds shall be administered by the Arkansas Fire and Police Pension Review Board.

(c) Each year the Future Supplement Funds will receive moneys from:

(1) The portion of each location's premium tax allocation based on number of members as of December 31, 2000 who are no longer receiving benefits and these amounts are defined in § 24-11-302(c)(3)(C) and § 24-11-810(a)(5)(C); and

(2) The portion of the increase in the amount allocated to general revenues under § 24-11-302 and § 24-11-810 as this amount is defined in those sections.

(d) The General Assembly of the State of Arkansas shall in each regular session decide the method and amount to be distributed from the Future Supplement Funds.

(e) At the time that there are no longer any members covered by local police and fire pension and relief funds, any remainder of the Future Supplement Funds would be transferred to the Local Police and Fire Retirement System.

SECTION 4. Arkansas Code 24-11-302 is amended to read as follows:

24-11-302. Cities and towns qualified to participate - Reports.

(a) Each city or town having a police officers' pension and relief fund which is organized pursuant to any existing statute of this state and each city or town which covers its police department under the Arkansas Local Police and Fire Retirement System shall be qualified to participate in the distribution of the funds described and appropriated by this subchapter.

(b) The allocation of funds to each qualified city or town pursuant to § 24-11-301 shall be subject to the following conditions:

(1) Each calendar year the Arkansas Fire and Police Pension

Review Board shall review its previous calendar year distribution of funds to each qualified city or town prior to disbursement to each of these qualified areas. This review shall comply with subdivisions (d)(4) and (5) of this section; and

(2) The certification of any new city or town to participate in the Firemen's and Police Officers' Pension and Relief Fund shall be considered in the board's assessment each calendar year of the allocation of the disbursement of the funds pursuant to subdivisions (d)(4) and (5) of this section.

(c)(1) The revenues collected pursuant to §§ 23-60-102, 24-11-301, 24-11-302, 26-57-601 - 26-57-605, and 26-57-607 and distribution in accordance with this section shall be allocated to each qualified city or town in a proportion determined by evaluation of the following factors:

(A) The legal description of the metes and bounds of the city or town. The legal description shall be based on standard visible features of the area. If the legal description cannot be based on standard visible features, a Global Positioning System survey shall be conducted to determine the boundaries; and

(B) A census population assessment in the city or town.

(2)(A) The mayor or other qualified representative of each city or town shall certify to the board the accuracy of the metes and bounds legal description of the area and the population information.

(B) The metes and bounds legal description shall be determined by a surveyor licensed in the State of Arkansas, a preexisting map held by the city, town, or fire protection district or by the Institute for Economic Advancement at the College of Business Administration at the University of Arkansas at Little Rock's Geographic Information Systems Lab.

(C) The population of the area shall be determined by the Census State Data Center at the Institute for Economic Advancement at the College of Business Administration at the University of Arkansas at Little Rock's Geographic Information Systems Lab.

(3)(A) An actuary certified by the Society of Actuaries shall evaluate the information submitted pursuant to subsection (c) of this section to determine the amount of turnback funds to be directed to an area based on the following formula:

(i) The legal description of the metes and bounds shall be considered as forty percent (40%) of the calculation; and

(ii) The population of the area shall be considered as sixty percent (60%) of the calculation.

(B) The actuarial assessment shall apply the corresponding ratio of these factors in calculating the exact amount of funds that should be allocated to each city, town, or fire protection district.

(C) The amount allocated to each location shall be reduced by the amount defined in this subdivision (c)(3)(C) for the Future Supplement Fund-Police under § 24-11-212. The amount allocated to the Future Supplement Fund-Police is the amount allocated to a location in this subsection multiplied by the ratio of the number as determined in subdivision (c)(3)(C)(i) of this section to the number as determined in subdivision (c)(3)(C)(ii) of this section as follows:

(i) The number of active, retiree and beneficiary members of the pension and relief fund as of December 31, 2000 minus the number of active, retiree and beneficiary members of the pension and relief

fund as of the most recent December 31; and

(ii) The number of active, retiree and beneficiary members of the Local Police and Fire Retirement System plus the number of active, retiree and beneficiary members of the pension and relief fund as of December 31, 2000.

(iii) In the case of multiple beneficiaries of a single deceased member, those beneficiaries shall be counted as one (1) for the purposes of this subdivision (c)(3)(C).

(iv) In the case of paid service and volunteer service members in one location, one (1) paid service member shall be equal to five (5) volunteer service members for the purposes of this subdivision (c)(3)(C).

(d)(1) All cities, towns, or fire protection districts participating in the Arkansas Firemen's and Police Officers' Pension and Relief Fund as of April 15, 1999, shall receive at least seventy-five percent (75%) of its current level of premium tax distributions upon conversion to the distribution method prescribed in subsection (c) of this section. This threshold percentage may be used as a phase-in tool by the board to accommodate the conversion of distribution of a period of five (5) years from April 15, 1999. The distribution of these funds shall be subject to subsection (b) of this section.

(2) All cities and towns having police departments organized pursuant to §§ 24-11-101 - 24-11-830 that have provided the information required in subsection (c) of this section to the board shall qualify for participation in the distribution of premium taxes for the Firemen's and Police Officers' Pension and Relief Fund under the board.

(3) On or before December 15, 1985, of each calendar year until the year 2000, the board shall certify to the Insurance Commissioner those cities and towns which have organized police departments qualified to participate in the distribution of premium taxes described by §§ 24-11-301 - 24-11-830.

(4) On or before June 15, 2001, the board shall certify to the Department of Finance and Administration those cities and towns that qualify for distribution of premium taxes collected under §§ 23-60-102, 24-11-301, 24-11-302, 26-57-601 - 26-57-605, and 26-57-607 for the 2000 tax year pursuant to the amended section determining qualification based on metes and bounds and population of the area. Certification shall be provided to the Department of Finance and Administration on all entities participating in the pension plan, including, but not limited to, those entities participating prior to April 15, 1999.

(5) On or before June 15, 2001, the board shall certify to the Department of Finance and Administration the exact amount of tax revenues each city and town is entitled to receive for the calendar year in which coverage began pursuant to subsection (c) of this section. Such information shall be provided each calendar year thereafter on or before June 15.

(6) The eligibility of the cities or towns shall be continuous for a ten-year period without recertification unless otherwise directed by the board. The first year of implementation shall require a nine-year cycle from June 15, 2001. Thereafter each city or town shall resubmit the information required in subsection (c) of this section every ten (10) years beginning on December 15, 2010.

(e) The Arkansas Fire and Police Pension Review Board created by § 24-

11-203 is directed, and it shall be its duty, to identify those cities and towns to certify them to the Insurance Commissioner on or before December 15 of each calendar year until the year 2000, indicating that they are qualified to participate in the distribution of those funds described and appropriated by this subchapter. Subsequent to the year 2000, for each political subdivision which covers a police department under the Arkansas Local Police and Fire Retirement System, the board shall certify eligibility for the tax moneys to the Department of Finance and Administration on or before December 15 of the calendar year.

~~(f) Until December 15, 2000, each city and town qualified by either the Arkansas Fire and Police Pension Review Board or the Board of Trustees of the Arkansas Local Police and Fire Retirement System shall then be entitled to receive that portion of the tax, as described and appropriated by this subchapter, that is collected during the forthcoming calendar year, arising from such insurance as shall be written upon every motor vehicle principally garaged in that qualified city or town.~~

~~(g) The Insurance Commissioner shall advise all companies subject to the tax of the name of each qualified city or town.~~

~~(h) At the time of filing their respective annual statements, the companies shall report to the commissioner those premiums from motor vehicle owners for insurance against the perils described in this subchapter and shall identify that qualified city or town in which the subject of the insurance is principally garaged until the year 2000.~~

~~(i) As of December 15, 2000, the provisions of subsections (f), (g), and (h) of this section shall be superseded by the provisions of § 24-11-301(a)-(d).~~

~~(j)(1)(f)(1)~~ All taxes that are levied on insurers ~~but are not allocated to cities or towns qualified to participate in the distribution of the taxes that are allocated to general revenues under § 24-11-301(a)(3)~~ shall first be allocated to the Arkansas Fire and Police Pension Guarantee Fund and next to the Policemen's Pension Supplement Program Fund as provided for in subdivision ~~(j)(3)(f)(4)~~ of this section and then to general revenues.

(2) Funds shall be distributed by the Chief Fiscal Officer of the State to the Arkansas Fire and Police Pension Guarantee Fund upon the recommendation of the Arkansas Fire and Police Pension Review Board in an amount necessary to fund the priority categories defined by § 24-11-209(e)(3)(A) - (D)

~~(2)(3)~~ Funds ~~shall~~ may be distributed by the Chief Fiscal Officer of the State to the Arkansas Fire and Police Pension Guarantee Fund upon the recommendation of the Arkansas Fire and Police Pension Review Board for plans in the priority category defined by § 24-11-209(e)(3)(E).

~~(3)(4)~~ After transfers are made to cover funds distributed under ~~subdivision (j)(2) subdivisions (f)(2) and (f)(3)~~ of this section and the portion of those premium taxes set aside for transfer to the State Police Retirement Fund under § 24-6-209(b), the Director of the Department of Finance and Administration is directed to make ~~monthly~~ annual transfers to the Policemen's Pension Supplement Program Fund on or before July 25, 1999, and each ~~month~~ year thereafter ~~of a portion of those unallocated insurance premium taxes enumerated in § 24-11-301(a)~~ as certified by the Arkansas Fire and Police Pension Review Board on July 1 each year as the amount needed to pay the expenses of and to make payments to the eligible retired police officers and survivors under the Policemen's Pension Supplement Program for

the coming year of the program.

(5) Fifty percent (50%) of the increase in the amount allocated to general revenues under this section, using the dollar amount allocated in fiscal year 1999-2000 as the base amount, shall be transferred to the Future Supplement Fund-Police under § 24-11-212.

SECTION 5. Arkansas Code 24-11-434(d)(3), concerning the payments into a Police Officers' Deferred Option Plan account, is amended to read as follows:

(3) The monthly retirement benefits that would have been payable had the member elected to cease employment and receive a service retirement and pension supplement payments made by the Police Officers' Pension Supplement Program shall be paid into the Arkansas Police Officers' Deferred Option Plan account.

SECTION 6. Arkansas Code 24-11-809(c), concerning the apportionment of insurance premium taxes for fire pension and relief funds, is amended to read as follows:

(c)(1)(A) The commissioner is directed, and it shall be his duty, to embody in his annual statement the names of all cities, towns, and fire protection districts entitled to receive the tax paid by the insurance companies.

(B) He shall require the companies to report at the time of making his annual statements the amount of premiums received and the amount of taxes paid by the companies during the year ending December 31, upon real and personal property insured against the perils recited, in each and all of the several cities, towns, and fire protection districts named in his report.

(2) Thereafter, and by June 30 in each calendar year until the year 2000, the commissioner shall certify to the Auditor of State the names of the towns, cities, and fire protection districts having organized fire departments which qualify for participation in the taxes distributed for firemen's relief and pension funds, and the amount of taxes paid in the preceding year by the companies described in this section upon the premiums described in this section. As of December 15, 2000, the provisions of subdivisions (c)(1) and (c)(2) of this section shall be superseded by the provisions of § 24-11-810(a) and (b).

(3)(A) All taxes that are levied on insurers, but are not allocated to cities, towns, and fire protection districts qualified to participate in the distribution of the taxes, may be allocated to the Fire Protection Premium Tax Fund and the Arkansas Fire and Police Pension Guarantee Fund and then to general revenues.

(B) For the 1999-2000 state fiscal year, six hundred thousand dollars (\$600,000) of the funds transferred to general revenues under this section and § 24-11-810 shall be transferred to the Fire Protection Premium Tax Fund and in all subsequent years, fifty percent (50%) of the percentage increase in the amount allocated to general revenues under this section and § 24-11-810, using the dollar amount allocated in fiscal year 1999-2000 as the base year, shall be transferred to the Fire Protection Premium Tax Fund in addition to the six hundred thousand dollars (\$600,000) per year, until such time that a cap of two million dollars (\$2,000,000) annually is transferred to the Fire Protection Premium Tax Fund. Thereafter,

the annual transfer shall be set at two million dollars (\$2,000,000).

~~(B)~~(C) Funds shall be distributed by the Chief Fiscal Officer of the State to the Arkansas Fire and Police Pension Guarantee Fund upon the recommendation of the Arkansas Fire and Police Pension Review Board in an amount necessary to fund the priority categories defined by subdivisions (e)(3)(A) - (D) in § 24-11-209.

~~(C)~~(D) Funds may be distributed by the Chief Fiscal Officer of the State to the Arkansas Fire and Police Pension Guarantee Fund upon the recommendation of the Arkansas Fire and Police Pension Review Board for plans in the priority category defined by § 24-11-209(e)(3)(E).

(4) The payment for the administrative and actuarial expenses of the Arkansas Fire and Police Pension Review Board shall be made prior to the disbursements to the eligible political subdivisions.

(5) Fifty percent (50%) of the increase in the amount allocated to general revenues under this section, using the dollar amount allocated in state fiscal year 1999-2000 as the base year, shall be transferred to the Future Supplement Fund-Fire under § 24-11-212.

SECTION 7. Arkansas Code 24-11-810(a)(5), concerning the apportionment of insurance premium taxes for fire pension and relief funds, is amended to add an additional subdivision to read as follows:

(C) The amount allocated to each location shall be reduced by the amount defined in this subdivision (a)(5)(C) for the Future Supplement Fund-Fire under § 24-11-212. The amount allocated to the Future Supplement Fund-Fire is the amount allocated to a location in this subsection multiplied by the ratio of the number as determined in subdivision (a)(5)(C)(i) of this section to the number as determined in subdivision (a)(5)(C)(ii) of this section as follows:

(i) The number of active, retiree and beneficiary members of the pension and relief fund as of December 31, 2000 minus the number of active, retiree and beneficiary members of the pension and relief fund as of the most recent December 31; and

(ii) The number of active, retiree and beneficiary members of the Local Police and Fire Retirement System plus the number of active, retiree and beneficiary members of the pension and relief fund as of December 31, 2000.

(iii) In the case of multiple beneficiaries of a single deceased member, those beneficiaries shall be counted as one (1) for the purposes of this subdivision (a)(5)(C).

(iv) In the case of paid service and volunteer service members in one location, one (1) paid service member shall be equal to five (5) volunteer service members for the purposes of this subdivision (a)(5)(C)."

AND

Page 2, line 2 , delete "SECTION 2." and substitute "SECTION 8."

The Amendment was read _____

By: Representative R. Smith

EN/VJF - 032820011249

VVF354

Chief Clerk