

Hall of the House of Representatives
84th General Assembly - Regular Session, 2003
Amendment Form

Subtitle of House Bill No. 1244

"TO AMEND THE ALLOCATION OF TURNBACK FUNDS TO THE POLICE AND FIRE
PENSION AND RELIEF FUNDS AND THE ARKANSAS LOCAL POLIE AND FIRE
RETIREMENT SYSTEM."

Amendment No. 1 to House Bill No. 1244.

Amend House Bill No. 1244 as originally introduced:

Page 1, line 11, delete "POLIE" and substitute "POLICE"

AND

Page 1, delete lines 12 and 13, and substitute "SYSTEM; TO REARRANGE AND
CLARIFY EXISTING LAWS RELATING TO THE ALLOCATION OF INSURANCE PREMIUM TAX
FUNDS; AND FOR OTHER PURPOSES."

AND

Page 1, line 20, delete "POLIE" and substitute "POLICE"

AND

Page 1, delete line 26, and substitute "to add additional sections to read as
follow:"

AND

Page 2, line 29, delete "(B)" and substitute "(2)"

AND

Page 3, line 1, delete "24-11-214(g)" and substitute "24-11-214(h)"

AND

Page 3, line 5, delete "24-11-214(g)" and substitute "24-11-214(h)"

AND



Page 4, delete line 10, and substitute the following:
“portion and the police portion.”

24-11-214. Allocation of insurance premium tax - Division among localities.

(a) An actuary certified by the Society of Actuaries shall evaluate the information submitted under §§ 24-11-213 through 24-11-215 to determine the amount of the premium tax revenues to be directed to each city, town, or fire protection district.

(b)(1) It is the intent of the General Assembly that the allocation of revenues to the Firemen’s and Police Officers’ Pension and Relief Fund be directed to a city, town, or fire protection district based on the actuarial cost of their retirement programs.

(2) The actuarial cost shall be:

(A)(i) The actuarial cost for a calendar year for a group that is a member of the Arkansas Local Police and Fire Retirement System shall equal that group’s calculated contribution rate as of the beginning of that calendar year, multiplied by that group’s estimated annual payroll as of the beginning of that calendar year.

(ii) However, for volunteer fire fighters, the actuarial cost shall equal the group’s per person cost as of the beginning of that calendar year, multiplied by the number of volunteer fire fighters in that group as of the beginning of that calendar year.

(B) The actuarial cost for a calendar year for the group that is covered by a local pension and relief fund shall be the dollar cost calculated by the actuary for the Arkansas Fire and Police Pension Review Board for the preceding calendar year.

(c) The amount of revenues to be directed to cities, towns, and fire protection districts shall equal:

(1) The amount in the Firemen’s and Police Officers’ Pension and Relief Fund;

(2) Less the payment for the administrative and actuarial expenses of the Arkansas Fire and Police Pension Review Board under subsection (k) of this section and under § 24-11-203(k)(5); and

(3) Less the amount described in subsection (g) of this section.

(d)(1) In general, the revenues shall be allocated in each calendar year to each city, town, or fire protection district so that each city, town, or fire protection district receives the same percentage of their total cost as they received in 2002, but not more than one hundred percent (100%) of their cost.

(2) Any remaining revenues are to be allocated to those receiving less than one hundred percent (100%) of their cost.

(e) This allocation of keeping the fire portion and the police portion separate shall be accomplished by the following steps:

(1) The actuarial cost for calendar year 2002 for each local pension and relief fund shall be determined;

(2) The actual dollar amount of contributions for calendar year 2002 for each group covered by Arkansas Local Police and Fire Retirement System shall be determined;

(3) The total of subdivisions (e)(1) and (e)(2) of this section shall be determined for each city, town, and fire protection district and this total shall be determined separately for the fire portion and for the police portion and a combined total of the fire portion and the police portion shall also be determined;

(4) The amount of premium tax revenue allocated to each city, town, and fire protection district in calendar year 2002 shall be determined and this amount shall be determined separately for the fire portion and for the police portion and a combined total of the fire portion and the police portion shall also be determined;

(5) A percentage, called the "calendar year 2002 percentage of costs covered by premium tax" shall be determined as the ratio of subdivision (e)(4) of this section divided by subdivision (e)(3) of this section and the percentage shall be determined separately for the fire portion, for the police portion, and for the combined total;

(6)(A) A percentage, called the "minimum percentage covered" shall be determined as the lesser of:

(i) The "calendar year 2002 percentage of costs covered by premium tax"; or

(ii) One hundred percent (100%).

(B) This "minimum percentage covered" shall be determined separately for the fire portion, for the police portion, and for the combined total.

(C) The "minimum percentage covered" shall be a fixed percentage, and shall not change over time;

(7) The actuarial cost for the calendar year of allocation for each local pension and relief fund shall be determined;

(8) The actuarial cost for the calendar year of allocation for each group covered by Arkansas Local Police and Fire Retirement System shall be determined;

(9) The total of subdivision (e)(7) of this section and subdivision (e)(8) of this section shall be determined for each city, town, and fire protection district and this total shall be determined separately for the fire portion and for the police portion and a combined total of the fire portion and the police portion shall also be determined;

(10)(A) The "first allocation" for each city, town, and fire protection district shall be equal to the result of the "minimum percentage covered" from subdivision (e)(6) of this section multiplied by subdivision (e)(9) of this section.

(B) This "first allocation" shall be the greater of:

(i) The "first allocation" for the fire portion, plus the "first allocation" for the police portion; or

(ii) The "first allocation" for the combined total.

(11) The results of subdivision (e)(10) of this section shall be reduced, but not below zero, by the amount in the subsidy account of the city, town, or fire protection district at the beginning of the calendar year under subsection (f) of this section.

(12)(A) If the total premium tax revenue, as determined under subsection (c) is less than the total allocated under subdivision (e)(11) of this section, the total premium tax revenue shall be allocated prorata on the amounts under subdivision (e)(10) of this section, so that the total through

subdivision (e)(11) of this section equals the amount determined under subsection (c) of this section.

(B) If the total premium tax revenue, as determined under subsection (c) is more than the total allocated through subdivision (e)(11) of this section, the excess, not to exceed the total of amounts under subdivision (e)(9) minus the amounts under (e)(10) of this section, shall be allocated prorata on the excess, if any, of the amounts under subdivision (e)(9) over the amounts under (e)(10) of this section.

(C) If the total premium tax revenue, as determined under subsection (c) is more than the total allocated through subdivision (e)(11) of this section, plus the amount allocated under subdivision (e)(12)(B) of this section, the excess shall be allocated to the Future Supplement Fund-Police or Future Supplement Fund-Fire under § 24-11-212.

(13) The total amount allocated to a city, town, or fire protection district shall be the sum of amounts under subdivision (e)(11) and subdivision (e)(12).

(14) However, a city covered under § 24-11-435 shall receive the same dollar amount as it received in calendar year 2002.

(f)(1) The allocation in subdivision (e)(10) of this section is reduced under subdivision (e)(11) of this section by the subsidy account for each city, town, or fire protection district.

(2) The subsidy account for a city, town, or fire protection district as of January 1, 2003 shall be determined by the Arkansas Fire and Police Pension Review Board to be the excess, if any, of the total premium tax for fire and police pension and relief funds allocated to the city, town, or fire protection district in the calendar years 1997 through 2002, over the sum of:

(A) The contributions paid to the Arkansas Local Police and Fire Retirement System for calendar years 1997 through 2002; plus

(B) The amount of premium tax allocated to the local pension and relief funds for 1997 through 2002; plus

(C) Any transfers from the "LOPFI subsidy account" to the local pension and relief funds from 1997 through 2002.

(3) Beginning January 1, 2004 and each January 1 after, the subsidy account for a city, town, or fire protection district shall be determined by the Arkansas Fire and Police Pension Review Board to be:

(A) The subsidy account at the prior January 1st; plus

(B) The premium tax allocated in the prior calendar year; minus

(C) The contributions paid to the Arkansas Local Police and Fire Retirement System for the prior calendar year; minus

(D) The actuarial cost of the local pension and relief funds for the prior calendar year but not less than zero.

(g)(1) There shall be allocated amounts to the Future Supplement Fund-Fire and the Future Supplement Fund-Police under § 24-11-212 determined as the amount under subsection (c) multiplied by the number as determined in subdivision (g)(1)(A) of this section to the number as determined in subdivision (g)(1)(B) of this section as follows:

(A) The total number of active, retiree, and beneficiary members of all of the fire or police pension and relief funds as of December 31, 2000, minus the total number of active, retiree, and beneficiary members

of all of the fire or police pension and relief funds as of the most recent December 31; and

(B) The number of active, retiree, and beneficiary fire or police members of the Arkansas Local Police and Fire Retirement System plus the total number of active, retiree, and beneficiary members of all of the fire or police pension and relief funds as of December 31, 2000.

(2) In the case of multiple beneficiaries of a single deceased member, those beneficiaries shall be counted as one (1) for the purposes of this subsection (g);

(3) 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 subsection (g).

(h)(1)(A) All cities, towns, and fire protection districts having fire departments organized under §§ 24-11-801 – 24-11-807, 24-11-809, 24-11-813 – 24-11-815, and 24-11-818 – 24-11-821, and all cities and towns have police departments organized under §§ 24-11-101 – 24-11-830 that have provided the information required under § 24-11-213(d) and § 24-11-206 to the Arkansas Fire and Police Pension Review Board and to the Arkansas Local Police and Fire Retirement System shall qualify for participation in the revenues distributed.

(B) Those cities, towns, and fire protection districts that have not provided the required information shall not qualify for participation in the revenues distributed.

(2) On or before June 15 of each calendar year after 2002, the Arkansas Fire and Police Pension Review Board shall certify to the Department of Finance and Administration the exact amount of tax revenues each city, town, or fire protection district is entitled to receive for the calendar year under this section.

(3)(A) The eligibility of the city, town, or fire protection district shall be continuous for a ten-year period without recertification unless otherwise directed by the board.

(B) The first year of implementation shall require a nine-year cycle from June 15, 2001.

(C) Thereafter, each city, town, or fire protection district shall resubmit the information required in subdivisions (a)(2) and (3) of this section every ten (10) years beginning on December 15, 2010.

(i) All nonprofit corporations formed for fire protection purposes and which participate in the Arkansas Local Police and Fire Retirement System shall participate in the distribution of insurance premium tax revenues to the same extent as other fire protection organizations under this section, §§ 24-10-401 – 24-10-409, 24-11-809, and 26-57-610, and any other laws providing for the distribution of insurance premium tax moneys to fire protection organizations.

(j)(1) There shall be no administrative fees charged to these entities by the Arkansas Fire and Police Pension Review Board upon qualification.

(2) The board shall incur all administrative and actuarial costs associated with obtaining the information required under this section.

(k)(1) The Arkansas Fire and Police Pension Review Board shall establish a certain percentage of the insurance tax revenues to use to meet its proper actuarial expenses and administrative costs incurred in obtaining and evaluating the population information required § 24-11-213, but in no event shall the board be entitled to more than one percent (1%) of the

Firemen's and Police Officers' Pension and Relief Fund as defined in § 24-11-809(a)(2).

(2) This assessment shall be collected in addition to the assessment provided in § 24-11-203(k)(5).

(3) This revenue shall also be used to provide the administrative costs incurred in obtaining and evaluating the population information for unqualified cities, towns, and fire protection districts.

24-11-215. Allocation of insurance premium tax – Special Provisions.

(a) Revenues distributed to the State of Arkansas as general revenue are subject to the allocations in this section.

(b)(1) All taxes that are levied on insurers that are allocated to general revenues under § 24-11-213 may be allocated to the Fire Protection Premium Tax Fund and the Arkansas Fire and Police Pension Guarantee Fund and then to general revenues.

(2)(A) For the 1999-2000 state fiscal year, six hundred thousand dollars (\$600,000) of the fire portion of funds transferred to general revenues under this section and § 24-11-213 shall be transferred to the Fire Protection Premium Tax Fund.

(B) In all subsequent years fifty percent (50%) of the percentage increase in the amount allocated to general revenues under this section and § 24-11-213, using the dollar amount allocated in fiscal year 1999-2000 as the baseline, shall be transferred to the Fire Protection Premium Tax Fund in addition to the six hundred thousand dollars (\$600,000) per year, until the time that a cap of two million dollars (\$2,000,000) annually is transferred to the Fire Protection Premium Tax Fund.

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

(3) 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).

(4) 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).

(c) After transfers are made to cover funds distributed under subsection (b) 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 annual transfers, from the police portion of the revenues, to the Policemen's Pension Supplement Program Fund on or before July 25, 1999, and each year thereafter 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 Arkansas Policemen's Pension Supplement Program for the coming year of the program.

(d) Fifty percent (50%) of the increase in the amount allocated to general revenues under § 24-11-213, 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 2. Arkansas Code § 24-11-301 is amended to read as follows:
24-11-301. Appropriation of tax revenues from foreign insurers.

(a)(1) Sixty-six and two-thirds percent (66 2/3%) of the total tax revenues derived from premium taxes paid to the State of Arkansas by alien and foreign insurance companies upon premiums collected by the insurance companies upon insurance contracts written on motor vehicles, the licensed addresses of which are qualified cities or towns wherein the motor vehicles are insured against the perils of physical damage or the owner or operators of the motor vehicles are insured against legal liability arising out of the use, ownership, or operation of the motor vehicles, is appropriated and set aside for the:

(A) Use and benefit of all duly qualified police officers' pension and relief funds;

(B) Administrative and actuarial expenses of the Arkansas Fire and Police Pension Review Board;

(C) Arkansas Fire and Police Pension Guarantee Fund; and

(D) Arkansas Policemen's Pension Supplement Program.

(2) The premium taxes collected in this subsection shall be placed in a fund combined with the premium taxes collected pursuant to § 24-11-809. The combined fund shall be entitled the "Firemen's and Police Officers' Pension and Relief Fund".

~~(3)(A)(i) The remaining revenues collected pursuant to §§ 23-60-102, 24-11-301, 24-11-302, 24-11-809, 24-11-810, 26-57-601, 26-57-605, and 26-57-607 shall be distributed to the Firemen's and Police Officers' Pension and Relief Fund and to the State of Arkansas as general revenues.~~

~~(ii) Revenues distributed to the State of Arkansas as general revenues are subject to the allocations enumerated in § 24-11-302(f).~~

~~(B) The revenues shall be distributed in such a manner that the Firemen's and Police Officers' Pension and Relief Fund and the general revenue fund will each receive distributions of no less than they received in fiscal year 1999, except that:~~

~~(i) If the revenues to be distributed in a subsequent year are less than the revenues distributed in 1999, then the distributions to each shall be reduced proportionately; and~~

~~(ii) If additional police departments become eligible for distributions from the Firemen's and Police Officers' Pension and Relief Fund, the base amount for the state shall be reduced in proportion to the population in the area served by the police department to the portion of the population of the state not covered by a police department receiving a distribution from the fund.~~

~~(C) Except as provided in subdivision (a)(3)(B) of this section, the portion distributed to the Firemen's and Police Officers' Pension and Relief Fund shall be based on the ratio percentage of the total population of the cities or towns qualified to participate in the fund in comparison to the total population of the State of Arkansas. The remaining percentage shall be distributed to the General Revenue Fund of the State of Arkansas.~~

(b) The amount of the tax revenues attributable to the fire peril of physical damage insurance shall not be included.

~~(c) 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.~~

SECTION 3. Arkansas Code § 24-11-809 is amended to read as follows:
24-11-809. Apportionment of insurance premium tax generally.

(a)(1) There is apportioned and set aside for the use and benefit of duly constituted firemen's relief and pension funds and for the administrative and actuarial expenses of the Arkansas Fire and Police Pension Review Board and the Arkansas Fire and Police Pension Guarantee Fund the annual taxes of two and one-half percent (2.5%) on all foreign and alien premiums collected by all property and casualty insurance companies, corporations, or associations incorporated under the laws of any state or nation and doing business in the State of Arkansas, after all cancellations and dividends to policyholders are deducted as provided by §§ 23-60-102, 24-11-809, 26-57-601 - 26-57-605, and 26-57-607, upon real and personal property insured against the perils of fire and extended coverage, tornado, windstorm, cyclone, and hail, except upon growing crops, and located in or at cities, towns, and fire protection districts in the State of Arkansas coming within the provisions of this act.

(2) The premium taxes collected in this subsection shall be placed in a fund combined with the premium taxes collected pursuant to § 24-11-301. The combined fund shall be entitled the "Firemen's and Police Officers' Pension and Relief Fund".

(b) In the case of multiperil policies with a single premium for both the property and casualty coverages, the portion of the taxable premium shall be as follows:

(1) In the case of commercial multiperil policies, seventy percent (70%);

(2) In the case of homeowners' policies, forty-five percent (45%);

(3) In the case of automobile physical damage policies, nine percent (9%); and

(4) In the case of inland marine policies, fifteen percent (15%).

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

~~(B) The commissioner shall require the companies to report at the time of making his or her 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 or her 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 that 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 (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 that are allocated to general revenues under this section 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 pursuant to 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 baseline, 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).~~

~~(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 § 24-11-209(c)(3)(A)-(D).~~

~~(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(c)(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.~~

(c) All additional revenues collected as a result of the levy of the insurance premium tax on domestic insurers, other than for premiums or copayments for life, disability, legal, wet marine, and foreign trade, and health maintenance organization insurance or contracts shall be special revenues and shall be apportioned and remitted to the Firemen's and Police Officers' Pension and Relief Fund.

SECTION 4. Arkansas Code § 24-10-409 is amended to read as follows:

24-10-409. Proration of state revenues between political subdivision and its relief fund.

(a) For each political subdivision with a relief fund in effect, the relief fund has been receiving revenues from the state derived from the taxes levied on foreign and domestic insurers by § 23-60-101 et seq., and §§ 24-11-301, - 24-11-303, 24-11-801 - 24-11-807, 24-11-809, ~~24-11-810~~, 24-11-813 - 24-11-816, and 24-11-818 - 24-11-821, 26-57-601 - 26-57-605, and 26-57-607 or any other state funds designated for support of fire and police retirement programs in political subdivisions.

(b)(1)(A) Those state revenues shall be prorated between the relief fund and the political subdivision, based upon the total number of members, active and retired, and beneficiaries covered by the relief fund and by the Arkansas Local Police and Fire Retirement System.

(B) However, the amount allocated to the political subdivision shall not exceed one hundred percent (100%) of the cost as calculated under § 24-11-214(e)(8).

(2) In the case of multiple beneficiaries of a single deceased member, those individuals shall be counted as one (1) for purposes of this section.

(c) If there is a mixture of employees acquiring paid service and employees acquiring volunteer service, one (1) paid service employee shall be equal to five (5) volunteer service employees for prorating purposes.

(d) Each political subdivision without a relief fund in effect July 1, 1981, which subsequently covers its fire or police department under the system shall also receive insurance revenues.

(e) All moneys so received by the political subdivisions shall be applied to the employer contribution required to support this system. ~~However, if the governing body of any political subdivision determines that the required employer contribution is less than the amount of moneys so received during the year, the governing body may transfer any or all of the excess moneys to their police pension funds or fire pension funds, or both, in whatever amount deemed appropriate.~~

SECTION 5. Arkansas Code § 24-11-302 is repealed.

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

~~(a) Each city or town having a police officers' pension and relief fund that is organized pursuant to any existing statute of this state and each city or town that 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;~~

~~(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; and~~

~~(3) Any change in the legal description of any city or town will be considered in the board's assessment each calendar year. Any changes shall be reported to the board by December 15 of each calendar year. The associated population change caused by a change in legal description shall also be considered.~~

~~(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 physical features of the area. If the legal description cannot be based on standard~~

~~physical features, a Global Positioning System survey shall be conducted to determine the boundaries;~~

~~(B) The preferred description of the area will be based on standard physical features. Each local department shall change the department's description of metes and bounds to the standard physical features' description; and~~

~~(C) 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.~~

~~(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 Arkansas 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 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 that 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 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 that 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 on or before December 15 of the calendar year.~~

~~(f)(1) All taxes that are levied on insurers 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 (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).~~

~~(3) 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) After transfers are made to cover funds distributed under subdivisions (f)(2) and (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 annual transfers to the Policemen's Pension Supplement Program Fund on or before July 25, 1999, and each year thereafter 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 Arkansas 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 6. Arkansas Code § 24-11-810 is repealed.

~~24-11-810. Allocation of insurance premium tax — Apportionment.~~

~~(a)(1) All additional revenues collected as a result of the levy of the insurance premium tax on domestic insurers, other than for premiums or copayments for life, disability, legal, wet marine, and foreign trade, and health maintenance organization insurance or contracts shall be special revenues and shall be apportioned and remitted to the respective cities, towns, and fire protection districts which maintain a qualified firemen's pension fund or cover fire fighters under the Arkansas Local Police and Fire Retirement System.~~

~~(2)(A) The revenues collected pursuant to §§ 23-60-102, 24-11-809, 24-11-810, 26-57-601 — 26-57-605, and 26-57-607 shall be distributed to the Firemen's and Police Officers' Relief and Pension Fund and to the State of Arkansas as general revenues.~~

~~(B) The revenues shall be distributed in such a manner that the Firemen's and Police Officers' Relief and Pension Fund and the general revenue fund will each receive distributions of no less than they received in calendar year 1999, except that:~~

~~(i) If the revenues to be distributed in a subsequent year are less than the revenues distributed in 1999, then the distributions to each shall be reduced proportionately; and~~

~~(ii) If additional fire departments become eligible for distributions from the Firemen's and Police Officers' Relief and Pension Fund, the base amount for the state shall be reduced in proportion to the population in the area served by the fire department to the portion of the~~

~~population of the state not covered by a fire department receiving a distribution from the fund.~~

~~(C) Except as provided in subdivision (a)(2)(B) of this section, the portion distributed to the Firemen's and Police Officers' Relief and Pension Fund shall be based on the ratio percentage of the total population of the cities, towns, or fire protection districts qualified to participate in the fund in comparison to the total population of the State of Arkansas. The remaining percentage shall be distributed to the State of Arkansas' General Revenue Fund.~~

~~(D) The allocation of funds to each qualified city, town, or fire protection district pursuant to subdivisions (a)(3) (5) of this section shall be subject to the following conditions:~~

~~(i) Each calendar year the Arkansas Fire and Police Pension Review Board shall review its previous calendar year distribution of funds to each qualified city, town, or fire protection district prior to disbursement to each of these qualified areas. This review shall comply with subdivision (b)(5) of this section;~~

~~(ii) The certification of any new city, town, or fire protection district to participate in the Firemen's and Police Officers' Relief and Pension Fund shall be considered in the board's assessment each calendar year of the allocation of the disbursement of the funds pursuant to subdivision (b)(5) of this section; and~~

~~(iii) Any change in the legal description of any city, town, or fire protection district will be considered in the board's assessment each year. Any changes shall be reported to the board by December 15 of each calendar year. The associated population change caused by the change in legal description shall also be considered.~~

~~(3) The revenues collected pursuant to §§ 23 60 102, 24 11 809, 26 57 601 26 57 605, and 26 57 607 and distribution in accordance with subsection (a) of this section shall be allocated to each qualified city, town, or fire protection district in a proportion determined by evaluation of the following factors:~~

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

~~(B) The preferred description of the area will be based on standard physical features. Each local department shall change the department's description of metes and bounds to the standard physical features' description. If the local chief cannot agree on a standard physical features' description, the county quorum court will make the decision; and~~

~~(C) A census population assessment in the city, town, or fire protection district.~~

~~(4)(A) The mayor or other qualified representative of each city or town or county fire coordinator for a rural fire protection district shall certify to the board the accuracy of the metes and bounds legal description of the area.~~

~~(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;~~
~~and~~

~~(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.~~

~~(5)(A) An actuary certified by the Society of Actuaries shall evaluate the information submitted pursuant to subdivision (a)(3) 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 (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 Arkansas 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).~~

~~(b)(1) All cities, towns, and fire protection districts participating in the Firemen's and Police Officers' Relief and Pension 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 subsections (a) and (b) of this section. This threshold percentage may be used as a phase-in tool by the Arkansas Fire and Police Pension Review Board to accommodate the conversion of distribution for a period of five (5) years from April 15, 1999. The distribution of these funds shall be subject to subsection (a) of this section.~~

~~(2) All cities, towns, and fire protection districts having fire departments organized pursuant to §§ 24 11 801 - 24 11 807, 24 11 809, 24 11 810, 24 11 813 - 24 11 815, and 24 11 818 - 24 11 821, that have provided the information required in subdivision (a)(3) of this section to the Arkansas~~

~~Fire and Police Pension Review Board shall qualify for participation in the taxes distributed for firemen's relief and pension funds under the Arkansas Fire and Police Pension Review Board.~~

~~(3) On or before December 15 of each calendar year until the year 2000, the Arkansas Fire and Police Pension Review Board shall certify to the Insurance Commissioner those cities, towns, and fire protection districts which have organized fire departments qualified to participate in the taxes described by §§ 24-11-801 - 24-11-807, 24-11-809, 24-11-810, 24-11-813 - 24-11-815, and 24-11-818 - 24-11-821.~~

~~(4) On or before June 15, 2001, the Arkansas Fire and Police Pension Review Board shall certify to the Department of Finance and Administration those cities, towns, and fire protection districts that qualify for distribution of premium taxes collected under §§ 23-60-102, 24-11-809, 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 the enactment of this legislation.~~

~~(5) On or before June 15, 2001, the Arkansas Fire and Police Pension Review Board shall certify to the Department of Finance and Administration the exact amount of tax revenues each city, town, or fire protection district is entitled to receive for the calendar year in which coverage began pursuant to subdivisions (a)(2), (a)(3), and (b)(1) of this section. Such information shall be provided each calendar year thereafter on or before June 15.~~

~~(6) The eligibility of the city, town, or fire protection district 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, town, or fire protection district shall resubmit the information required in subdivisions (a)(2) and (3) of this section every ten (10) years beginning on December 15, 2010.~~

~~(c) Each city, town, and fire protection district having a fire department 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 be entitled to receive that portion of the tax described and levied by §§ 24-11-801 - 24-11-807, 24-11-809, 24-11-810, 24-11-813 - 24-11-815, and 24-11-818 - 24-11-821 that is collected during the forthcoming calendar year.~~

~~(d)(1) It shall be the duty of the commissioner to keep a separate account of the tax paid by various insurance companies as provided by this act.~~

~~(2) The Treasurer of State shall keep the sums in a fund separate and apart from the general revenue, and the sums shall be used only for the purpose of this act.~~

~~(3) As soon as the commissioner prepares the report showing the amount of tax due each city, town, or fire protection district as provided in this section, he or she shall issue a voucher to the Chief Fiscal Officer of the State in favor of the treasurer of each city, town, or fire protection district for the benefit of the Firemen's and Police Officers' Pension and Relief Fund or the Arkansas Local Police and Fire Retirement System for the~~

~~amount of the moneys which each city, town, or fire protection district shall be entitled to receive as shown by the report of the commissioner and shall deliver the warrant to the treasurer. These amounts shall be paid from the annual appropriations made to the State Insurance Department for that purpose. As of December 15, 2000, the provisions of this subsection shall be superseded by subdivision (b)(5) of this section.~~

~~(e) All nonprofit corporations formed for fire protection purposes and which participate in the Arkansas Local Police and Fire Retirement System created by § 24 10 101 et seq. shall participate in the distribution of insurance premium tax revenues to the same extent as other fire protection organizations under subsections (a), (b), and (c) of this section, §§ 24 10 401 24 10 409, 24 11 809, and 26 57 610, and any other laws providing for the distribution of insurance premium tax moneys to fire protection organizations.~~

~~(f) There shall be no administrative fees charged to these entities by the Arkansas Fire and Police Pension Review Board upon qualification. The board shall incur all administrative and actuarial costs associated with obtaining the information required pursuant to this section.~~

~~(g) The board shall establish a certain percentage of the insurance tax revenues to use to meet its proper actuarial expenses and administrative costs incurred in obtaining and evaluating the square mileage and population information required in subsections (a) and (b) of this section, but in no event shall the board be entitled to more than one percent (1%) of the Firemen's and Police Officers' Pension and Relief Fund as defined in § 24 11 809(a)(2). This assessment shall be collected in addition to the assessment provided in § 24 11 203(k)(5). This revenue shall also be used to provide the administrative costs incurred in obtaining and evaluating the square mileage and population information for unqualified cities, towns, and fire protection districts.~~

AND

Page 4, line 12, delete "SECTION 2." and substitute "SECTION 7."

AND

Page 4, line 17, delete "f" and substitute "of"

The Amendment was read _____
By: Representative R. Smith
EAN/VJF - 021320031548
VJF404

Chief Clerk