

# Hall of the House of Representatives

86th General Assembly - Regular Session, 2007

## Amendment Form

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### Subtitle of House Bill No. 1097

"TO AMEND DEFINITIONS CONCERNING CERTAIN RETIREMENT FUNDING  
ALLOCATIONS."

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### Amendment No. 1 to House Bill No. 1097.

Amend House Bill No. 1097 as originally introduced:

Delete everything following the enacting clause and substitute the following:

"SECTION 1. Arkansas Code § 24-11-213 is amended to read as follows:  
24-11-213. Allocation of insurance premium tax - Apportionments.

(a)(1)(A) The premium taxes collected under § 24-11-301 shall be placed in a fund combined with the premium taxes collected pursuant to § 24-11-809.

(B) The combined fund shall be entitled the "Firemen's and Police Officers' Pension and Relief Fund".

(C) The Firemen's and Police Officers' Pension and Relief Fund shall consist of a "fire portion" and a "police portion".

(2) The remaining revenues collected under §§ 23-60-102, 24-11-301, 24-11-809, 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.~~

(3) Revenues distributed to ~~the State of Arkansas as general revenues~~ the Firemen's and Police Officers' Pension and Relief Fund are subject to the allocations under § 24-11-215, before distribution to the locations under § 24-11-214.

~~(b) The revenues shall be distributed in 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:~~

~~(1) If the revenues to be distributed in a subsequent year are less than the revenues distributed in 1999, the distributions to each shall be reduced proportionately;~~

~~(2) If additional fire 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 fire department to the portion of the population of the state not covered by a fire department receiving a distribution from the Firemen's and Police Officers' Pension and Relief Fund;~~



and

~~(3) 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 Firemen's and Police Officers' Pension and Relief Fund.~~

~~(c)(1) Except as provided under subsection (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, towns, or fire protection districts qualified to participate in the Firemen's and Police Officers' Pension and Relief Fund in comparison to the total population of the State of Arkansas.~~

~~(2) The remaining percentage shall be distributed to the General Revenue Fund.~~

~~(d)(b)~~ The allocation of funds between to the Firemen's and Police Officers' Pension and Relief Fund ~~and the General Revenue Fund~~ under this section 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, town, or fire protection district prior to disbursement to each of these qualified areas in compliance with § 24-11-214(h);

(2) The certification of any new city, town, or fire protection district 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 under § 24-11-214(h);

(3)(A) Any change in the legal description of any city, town, or fire protection district will be considered in the board's assessment each year.

(B) Any changes shall be reported to the board by December 15 of each calendar year.

(C) The associated population change caused by the change in legal description shall also be considered;

(4) The total population of the cities, towns, or fire protection districts qualified to participate in the Firemen's and Police Officers' Pension and Relief Fund will be determined by a census population assessment in the city, town, or fire protection district;

(5)(A) The legal description of the metes and bounds of the city, town, or fire protection district shall be based on standard physical features of the area.

(B) If the legal description cannot be based on standard physical features, a Global Positioning System survey shall be conducted to determine the boundaries;

(6)(A) The preferred description of the area will be based on standard physical features.

(B) Each local department shall change the department's description of metes and bounds to the standard physical features' description.

(C) In the case of a fire department, if the local chief cannot agree on a standard physical features' description, the county quorum court will make the decision;

(7) The mayor or other qualified representative of each city or

town or the 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;

(8) The metes and bounds legal description shall be determined by a surveyor licensed in the State of Arkansas, by 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;

(9) 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; and

(10) The amount of revenues allocated to the Firemen's and Police Officers' Pension and Relief Fund shall be kept separate for the fire portion and the police portion.

SECTION 2. Arkansas Code § 24-11-214(b), concerning allocation of revenues, is amended to read as follows:

(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 for a calendar year:

(A)(i) 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 defined in § 24-10-405, 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) The group's actuarial cost under this section shall be reduced by the group's estimated annual payroll as of the beginning of that calendar year multiplied by one percent (1%) for the 2008 allocation, two percent (2%) for the 2009 allocation, and three percent (3%) for allocations after 2009.

~~(ii)(iii)~~ However, for volunteer ~~firefighters~~ members the actuarial cost shall equal the group's per person cost, less the mandatory employer per person cost, as of the beginning of that calendar year multiplied by the number of volunteer ~~firefighters~~ members in that group as of the beginning of that calendar year;

(B) For a 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; ~~and~~

(C) Shall include the cost of any benefit enhancements mandated by state law but shall not include any benefit enhancement that is the result of local options or increases after January 1, 2003; and

(D) Shall not include the cost of any benefit enhancements, either mandated by state law or as a result of local options, enacted after January 1, 2007.

SECTION 3. Arkansas Code § 24-11-214(d)(6), concerning minimum percentage covered, is amended to read as follows:

(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.

(D) The minimum percentage covered for the volunteer portion of the actuarial cost for a calendar year in the Arkansas Local Police and Fire Retirement System shall be one hundred percent (100%);

SECTION 4. Arkansas Code § 24-11-215 is amended to read as follows:

24-11-215. Allocation of insurance premium tax - Special provisions.

(a) Revenues distributed to the ~~State of Arkansas as general revenue~~ Firemen's and Police Officers' Pension and Relief Fund 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(a), 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~~ the allocation shall be increased by five percent (5%) per year, compounded annually until the cap of two million dollars (\$2,000,000) is transferred.

(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 board for plans in the priority category defined by § 24-11-209(e)(3)(E).

(c)(1) 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~~, a transfer shall be made to the State Police Retirement Fund under § 24-6-209(b), ~~the.~~

(2) The amount to be transferred shall not exceed one million seven hundred thousand dollars (\$1,700,000).

~~(d) The Director of the Department of Finance and Administration is directed to shall then~~ 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 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(a), 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.~~

(e)(1) The amounts to be transferred to the Future Supplement Fund - Police and the Future Supplement Fund - Fire under § 24-11-212 for fiscal year 2007 shall be one million eight hundred thousand dollars (\$1,800,000) and one million two hundred thousand dollars (\$1,200,000) respectively.

(2) For each year thereafter, the amount shall be increased by fifty percent (50%) of the increase in the dollar amount of growth under § 24-11-213(a) since the 2007 allocation.

SECTION 5. Arkansas Code § 24-11-411 is repealed.

~~24-11-411. Payments.~~

~~(a) All moneys paid from the pension and relief fund shall be paid by the treasurer only upon warrants signed by the chair and countersigned by the secretary thereof.~~

~~(b) No warrant shall be drawn except by order of the board, and interest accruing from the fund while on deposit or otherwise shall constitute a part of the fund.~~

SECTION 6. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that the current laws applicable to the local police and fire pension and relief funds regarding retirement funding allocations require revision; that revisions are necessary to ensure the effective and efficient operation of the system; and that the most effective time to make changes to the retirement system is at the beginning of the state's fiscal year. Therefore, an emergency is declared to exist and this act being necessary for the preservation of the public peace, health, and safety shall become effective on July 1, 2007."

The Amendment was read \_\_\_\_\_

By: Representative Harris

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Chief Clerk