

## **House Bill 1110**

(as Engrossed January 26, 2023)

Actuarial Cost Study prepared for  
Joint Committee on Public Retirement and Social Security Programs  
of the Arkansas 94<sup>th</sup> General Assembly

### **Provisions of the Bill**

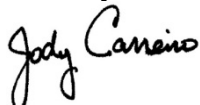
House Bill 1110 affects the premium tax allocation to the employers in the Local Police and Fire Retirement System (LOPFI) and to the Local Plans. A portion of the premium taxes collected on certain lines of fire insurance have been used to offset the cost of firefighter pensions since the 1920's. During the early 1980's a portion of the auto liability line of insurance began to be used to offset the cost of police pensions. During the 1999 and 2001 sessions major changes were made to way the premium taxes were allocated which included the collection and maintenance of the mapping of fire and police departments. Another major change in the allocation law occurred in the 2011 session which moved away from the mapping aspects of the formula. All of these changes were smoothed into the formula over the next several years. The mapping function also proved very useful for statewide fire protection and was continued. This function has been moved to the state Emergency Services during the 2021 session.

House Bill 1110 repeals the now outdated language concerning mapping out the code pertaining to the allocation of premium taxes to the employers in LOPFI and the Local Plans.

### **Fiscal Impact**

We have reviewed the provisions of House Bill 1110 and any effects it would have on the premium tax allocation to the employers in LOPFI and the Local Plans. Based on our review, the provisions of this bill will not impact the allocation of premium taxes and therefore will not have an impact on the employers in the LOPFI system or the remaining Local Plans.

Sincerely,



Jody Carreiro, ASA MAAA, EA, FCA  
Actuary