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House Bill 1303

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

Provisions of the Bill

House Bill 1303 affects the retirement of members of the governing bodies of cities of the first class. Cities of the first class are roughly the largest 110 of the 500 incorporated cities and towns in Arkansas, population over 2,500. Under Title 14 of the Arkansas Code, §14-42-116, is a provision that prohibits plans to provide retirement type benefits to members of the governing bodies unless already established before July 3, 1989. House Bill 1303 would allow cities of the first class that had plans before that date to reestablish, amend, or repeal those plans.

Fiscal Impact

House Bill 1303 does not have any impact on the statewide retirement systems. The effects will only be on certain cities and those cities will have to elect to make a change. The benefits for these types of plans (as well as for mayors) are usually paid from the general revenues of the city. There would evidently be an impact on any city that would choose to make this change but they would be able to determine the amount of impact and determine if they can afford to do this. In general, the state has moved away from these types of "unfunded" plans over the past 30 years mainly because there is not a requirement that they are funded.

In conclusion, it is our opinion that any fiscal impact will be upon a city that elects to make this type of change and they will be able to choose whether to take on that impact.

Sincerely,

Jody Carreiro

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