

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

INTERIM STUDY PROPOSAL 2007-022

State of Arkansas

As Engrossed: H2/2/07 H3/1/07

86th General Assembly

A Bill

Regular Session, 2007

HOUSE BILL 1195

By: Representative Burris

By: Senator Glover

Referred to

Public Retirement & Social Security Programs-joint

by the House of Representatives

on 03/20/2007

For An Act To Be Entitled

AN ACT CONCERNING RETIREMENT BENEFITS UNDER THE
STATE POLICE RETIREMENT SYSTEM; AND FOR OTHER
PURPOSES.

Subtitle

AN ACT CONCERNING RETIREMENT BENEFITS
UNDER THE STATE POLICE RETIREMENT
SYSTEM.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

SECTION 1. Arkansas Code § 24-6-204 is amended to read as follows:

24-6-204. Board of trustees.

(a)(1) The Board of Trustees of the State Police Retirement System is created ~~and established~~.

(2)(A) ~~† The board shall consist of eleven (11)~~ twelve (12) trustees, as follows:

(i) The Chair of the Arkansas State Police Commission, who shall serve as trustee by virtue of his or her position;

(ii) The Director of the Department of Arkansas State Police, who shall serve as trustee by virtue of his or her position;

1 (iii) The Director of the Department of Finance and
2 Administration or the director's designee from that department;

3 (iv) Five (5) members of the State Police Retirement
4 System to be elected by the members of the system with at least two (2)
5 member trustees holding the rank of trooper, trooper first class, or
6 corporal, at least one (1) member trustee holding a rank higher than the rank
7 of corporal, and at least one (1) member trustee whose retirement eligibility
8 is covered under ~~the provisions of § 24-6-401 et seq.;~~

9 (v) One (1) retired member of the system to be
10 elected by the members of the Retired Members Association; ~~and~~

11 (vi) The highest ranking administrative officer of
12 the system in charge of employee benefits or that officer's designee; and

13 ~~(vi)~~ (vii) The Vice ~~chair~~ Chair of the Arkansas State
14 Police Commission and the Secretary of the Arkansas State Police Commission,
15 who shall serve as nonvoting members by virtue of their positions.

16 (B) The elections of member trustees shall be held under
17 ~~such rules and regulations~~ as the board shall from time to time adopt to
18 govern the elections.

19 (C) The regular term of office of a member trustee shall
20 be three (3) years.

21 (b)(1) In the event any trustee provided for in subdivisions

22 (a)(2)(A)(iv) and (v) of this section:

23 (A) Ceases to be a state police officer; or

24 (B) Fails to attend scheduled meetings of the board for
25 three (3) consecutive meetings unless, in each case, he or she is excused by
26 the remaining trustees attending the meetings,
27 the board by resolution shall declare his or her office of trustee vacated as
28 of the date of adoption of the resolution.

29 (2) If a vacancy occurs in the office of trustee, the vacancy
30 shall be filled for the unexpired term in the same manner as the office was
31 previously filled.

32 (c)(1) The administration, management, and control of the system shall
33 be vested in the board.

34 (2)(A) The executive director and administrative staff of the
35 Arkansas Public Employees' Retirement System shall be the executive secretary
36 and the administrative staff of the State Police Retirement System.

1 (B) All administrative records of the ~~Arkansas~~ State
2 Police Retirement System shall be maintained within the administrative
3 offices of the Arkansas Public Employees' Retirement System.

4 (3)(A) The executive secretary shall be the disbursing agent of
5 all appropriations made by the General Assembly out of the State Police
6 Retirement Fund.

7 (B) The executive secretary shall furnish and file with
8 the Auditor of State a bond with a corporate guaranty or indemnity surety
9 thereon in the penal sum of two thousand dollars (\$2,000), the premium on
10 which shall be paid from appropriations made available to the Department of
11 Arkansas State Police.

12 (d) The Chair of the Arkansas State Police Commission shall be the
13 chair of the board.

14 (e) The Treasurer of State shall serve as treasurer of the system and
15 shall be the legal custodian of its funds.

16 (f) The Attorney General shall serve as legal advisor to the board.

17 (g)(1) The board shall hold meetings regularly, at least one (1) in
18 each quarter year, and shall designate the time and place of the meetings.

19 (2) Special meetings may be held in accordance with ~~such~~ rules
20 and regulations as the board shall adopt.

21 (3) Five (5) voting trustees shall constitute a quorum at any
22 meeting of the board, and at least five (5) concurring votes shall be
23 necessary for a decision by the board at any of its meetings.

24 (4) The board shall adopt its own rules or procedures and shall
25 keep a record of its proceedings, which shall be open to public inspection.

26 (h) In addition to ~~such~~ other duties as that are imposed upon the
27 board by this subchapter, the board shall:

28 (1) Make all rules and regulations from time to time as it shall
29 deem necessary in the transaction of its business and in administering the
30 system;

31 (2) Provide for the administrative direction and control of the
32 executive secretary in the performance of his or her duties as executive
33 secretary of the system;

34 (3) Provide for an actuarial valuation of the assets and
35 liabilities of the system or the retirement reserve account at least one (1)
36 time in each four-year period from and after December 31, 1958;

1 (4) Adopt ~~such~~ mortality and other tables of experience and
2 rates of regular interest ~~as shall be~~ that are required for the proper
3 operation of the system;

4 (5) Exercise discretionary power and authority in the
5 investments and disbursements of the funds of the system, subject to the
6 provisions of this subchapter;

7 (6) Perform the duties of trustee without additional
8 compensation ~~therefor~~. However, trustees may receive expense reimbursement in
9 accordance with § 25-16-901 et seq.; and

10 (7) Do all things necessary for the proper administration of the
11 system and for carrying out and making effective the provisions of this
12 subchapter.

13
14 SECTION 2. Arkansas Code § 24-6-209 is amended to read as follows:

15 24-6-209. Employer's contribution.

16 (a) The Department of Arkansas State Police, as employer, shall make
17 contributions to the State Police Retirement System of twenty-two percent
18 (22%) of active member payroll.

19 (b)(1) At the request of the Executive Secretary of the State Police
20 Retirement System, the Director of the Department of Finance and
21 Administration shall make annual transfers on each June 30 to the State
22 Police Retirement System from the remainder of insurance premium taxes
23 enumerated in § 19-6-301(27) before those taxes are transferred to ~~General~~
24 Revenues general revenues enumerated in § 19-6-201(19) the amounts of money
25 necessary to amortize the unfunded liabilities over a period not to exceed
26 thirty (30) years ~~for those members not covered by the provisions of § 24-6-~~
27 ~~401 et seq.~~

28 (2) These transfers are intended to cover the unfunded accrued
29 actuarial liabilities of the State Police Retirement System and shall not be
30 used for the purpose of providing any benefit enhancements for the State
31 Police Retirement System.

32 (3) Members of the ~~Tier One~~ State Police Retirement System shall
33 not be entitled to any benefit enhancements from these transfers unless funds
34 from sources other than insurance premium taxes are found to provide for the
35 retirement benefit enhancements.

36 (4) The amount of the transfer shall be determined by computing

1 the dollar amount required based on the actuarially determined employer rate
2 in the most recent annual actuarial valuation and subtracting from that
3 amount the statutory contribution amount specified in subsection (a) of this
4 section, ~~the court fees provided by Acts 1995, No. 1256,~~ and the driver's
5 license reinstatement fees provided by § 27-16-808.

6 ~~(c)(1) The intent of this section is to provide for funding of any~~
7 ~~amounts of unfunded accrued actuarial liabilities of the Tier One State~~
8 ~~Police Retirement Fund existing on June 30, 1997.~~

9 ~~(2)(5) These transfers shall be limited in use solely for the~~
10 ~~purpose of paying the unfunded accrued actuarial liabilities and~~
11 ~~nothing more.~~

12 ~~(3) In the event the transfers under this section exceed eight~~
13 ~~hundred thousand dollars (\$800,000) per fiscal year, the executive secretary~~
14 ~~shall notify the Joint Interim Committee on Public Retirement and Social~~
15 ~~Security Programs which shall then review the use of the funds and the~~
16 ~~benefit provisions of the systems and the actuarial reports on the retirement~~
17 ~~systems to ensure compliance with the intended purpose of the funds.~~

18
19 SECTION 3. Arkansas Code § 24-6-304 is amended to read as follows:
20 24-6-304. Benefits - Rate of return.

21 (a) The member's monthly retirement benefit shall not change unless
22 the Arkansas State Police Officers Deferred Option Plan receives a benefit
23 increase.

24 (b)(1) Except as provided in subdivision (b)(2) of this section, a
25 member who participates in the plan shall earn interest at a rate of two (2)
26 percentage points below the rate of return of the investment portfolio of the
27 State Police Retirement System, but no less than the actuarially assumed
28 interest rate as certified by the actuary.

29 (2) Any member participating in the plan for any period of time
30 beyond his or her fifth complete year shall earn interest equal to the
31 actuarially assumed ~~interest rate~~ investment rate of return for that time.

32 (3) The interest shall be credited to the individual account
33 balance of the member on an annual basis.

34 (c) Any member who first participates in the plan beginning on the
35 effective date of this act shall earn interest equal to the actuarially
36 assumed investment rate of return only.

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SECTION 4. Arkansas Code § 24-6-405 is amended to read as follows:

24-6-405. Eligibility for benefits - Disability retirement.

(a)(1)(A) Upon application filed with the Board of Trustees of the State Police Retirement System by a member or by the Director of the Department of Arkansas State Police on behalf of a member, a member who is in the employ of the Department of Arkansas State Police, who has five (5) or more years of actual service, and who becomes totally and permanently incapacitated for duty in the employ of the department by reason of personal injury or disease may be retired by the ~~board~~ Board of Trustees of the State Police Retirement System, but only after a medical examination of the member.

(B) This examination shall be made by or under the direction of a ~~medical committee consisting of three (3) physicians, one (1) of whom shall be selected by the board, one (1) by the member, and the third by the first two (2) physicians so named if the medical committee reports to the board, by majority opinion in writing, that the member is physically or mentally incapacitated for duty in the employ of the department, that the incapacity will probably be permanent, and that the member should be retired~~ board of medical professionals as defined in the rules of the Board of Trustees of the State Police Retirement System, using the active duty criteria supplied by the department in determining the extent of the disability.

(2) The five (5) years of service requirement contained in this subsection shall not apply to a member whom the ~~board~~ Board of the Trustees of the State Police Retirement System finds to be in receipt of workers' compensation for his or her disability arising solely and exclusively out of and in the course of his or her employment with the department.

(b) Upon his or her retirement upon account of disability as provided in subsection (a) of this section, a member shall receive a disability pension computed ~~according to § 24-6-406~~ according to the contributory provisions of § 24-6-214 or the noncontributory provisions of § 24-6-227, as applicable.

(c)(1) At least ~~once~~ one (1) time each year during the first five (5) years following a member's retirement on account of disability and at least ~~once~~ one (1) time in every three-year period thereafter, the ~~board~~ Board of the Trustees of the State Police Retirement System may, and upon the retirant's application shall, require any disability retirant who has not

1 attained age ~~fi fty fi ve (55)~~ fi fty (50) to undergo a medical examination to
2 be made by or under the direction of ~~a physician designated by the board~~ the
3 medical professionals designated by the Board of Trustees of the State Police
4 Retirement System.

5 (2) If the retirant refuses to submit to a medical examination
6 in any such period, his or her disability pension may be suspended by the
7 ~~board~~ Board of Trustees of the State Police System until his or her
8 withdrawal of his or her refusal.

9 (3) If his or her refusal continues for one (1) year, all his or
10 her rights in and to a disability pension may be revoked by the ~~board~~ Board
11 of Trustees of the State Police System.

12 (4) If, upon the medical examination of the retirant, the
13 ~~physician reports~~ medical professionals designated by the Board of Trustees
14 of the State Police System report to the ~~board~~ Board of Trustees of the State
15 Police System that the retirant is physically capable of performing the
16 duties of the rank held by him or her at the time of his or her retirement,
17 the retirant shall be returned to the employ of the department, and his or
18 her disability pension shall be terminated.

19 (d)(1) Upon a disability retirant's return to the employ of the
20 department as provided in subsection (c) of this section, his or her service
21 at the time of his or her retirement shall be restored to his or her credit.

22 (2) He or she shall be given service credit for the period he or
23 she was receiving a disability pension if within that period he or she was in
24 receipt of workers' compensation on account of his or her department
25 employment.

26 (e) In the event a disability retirant who has not attained age fi fty-
27 fi ve (55) performs personal services in an occupation, business, or
28 employment, his or her disability pension shall be reduced so that the sum of
29 his or her disability pension and the compensation received by him or her
30 from the occupation, business, or employment shall not exceed his or her
31 annual rate of salary at the time of his or her retirement.

32
33 SECTION 5. Arkansas Code § 24-6-415 is repealed.

34 ~~24-6-415. Exclusion from deferred retirement option plan.~~

35 ~~Members of the State Police Retirement System participating in the~~
36 ~~benefit program provided by this subchapter shall not be eligible for~~

1 ~~participation in the deferred retirement option plan provided in § 24-6-301~~
2 ~~et seq.~~

3
4 SECTION 6. Arkansas Code Title 24, Chapter 6, Subchapter 4 is amended
5 to add an additional section to read as follows:

6 24-6-416. Participation in Arkansas State Police Officers Deferred
7 Option Plan for members hired beginning April 3, 1997.

8 (a) On the effective date of this act, all members of the State Police
9 Retirement System first hired beginning April 3, 1997, may participate in the
10 Arkansas State Police Officers Deferred Option Plan under § 24-6-301 et seq.
11 upon attainment of eligibility for a retirement benefit under § 24-6-
12 404(a)(2) and (3).

13 (b) No member of the State Police Retirement System first hired
14 beginning April 3, 1997, shall be eligible for the benefit provisions of §
15 24-6-216 or 24-6-226.

16
17 SECTION 7. EMERGENCY CLAUSE. It is found and determined by the
18 General Assembly of the State of Arkansas that this act makes revisions to
19 benefits received by certain members of the State Police Retirement System
20 and that the ideal time to make revisions to the system is at the beginning
21 of the state's fiscal year. Therefore, an emergency is declared to exist and
22 this act being immediately necessary for the preservation of the public
23 peace, health, and safety shall become effective on:

24 (1) The date of its approval by the Governor;

25 (2) If the bill is neither approved nor vetoed by the Governor,
26 the expiration of the period of time during which the Governor may veto the
27 bill; or

28 (3) If the bill is vetoed by the Governor and the veto is
29 overridden, the date the last house overrides the veto.

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31 /s/ Burris
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