

**QUESTIONNAIRE FOR FILING PROPOSED RULES AND REGULATIONS
WITH THE ARKANSAS LEGISLATIVE COUNCIL AND JOINT INTERIM COMMITTEE**

DEPARTMENT/AGENCY Arkansas Teacher Retirement System
 DIVISION Administration
 DIVISION DIRECTOR George Hopkins
 CONTACT PERSON Laura Gilson, General Counsel
 ADDRESS 1400 West Third Street, Little Rock, AR 72201
 PHONE NO. 501-682-1266 FAX NO. 501-682-6326 E-MAIL laurag@artrs.gov
 NAME OF PRESENTER AT COMMITTEE MEETING George Hopkins
 PRESENTER E-MAIL georgeh@artrs.gov

INSTRUCTIONS

- A. Please make copies of this form for future use.
- B. Please answer each question completely using layman terms. You may use additional sheets, if necessary.
- C. If you have a method of indexing your rules, please give the proposed citation after "Short Title of this Rule" below.
- D. Submit two (2) copies of this questionnaire and financial impact statement attached to the front of two (2) copies of the proposed rule and required documents. Mail or deliver to:

Donna K. Davis
 Administrative Rules Review Section
 Arkansas Legislative Council
 Bureau of Legislative Research
 Room 315, State Capitol
 Little Rock, AR 72201

1. What is the short title of this rule? Protection of "Qualified Trust" Status of ATRS Under Internal Revenue Code § 401(a) (Rule 12-1)

2. What is the subject of the proposed rule? Rules to insure compliance with tax-exempt status of ATRS as a governmental pension plan

3. Is this rule required to comply with a federal statute, rule, or regulation? Yes No
 If yes, please provide the federal rule, regulation, and/or statute citation.

4. Was this rule filed under the emergency provisions of the Administrative Procedure Act? Yes No
 If yes, what is the effective date of the emergency rule? _____

When does the emergency rule expire? _____

Will this emergency rule be promulgated under the permanent provisions of the Administrative Procedure Act? Yes No

5. Is this a new rule? Yes No

If yes, please provide a brief summary explaining the regulation.

Does this repeal an existing rule? Yes No

If yes, a copy of the repealed rule is to be included with your completed questionnaire. If it is being replaced with a new rule, please provide a summary of the rule giving an explanation of what the rule does.

Is this an amendment to an existing rule? Yes No

If yes, please attach a mark-up showing the changes in the existing rule and a summary of the substantive changes. **Note: The summary should explain what the amendment does, and the mark-up copy should be clearly labeled "mark-up."**

6. Cite the state law that grants the authority for this proposed rule?
If codified, please give Arkansas Code citation.

§ 24-7-305(b)(1)

7. What is the purpose of this proposed rule? Why is it necessary?

To bring into compliance and make consistent with Acts 109 and 140 of 2013 and various minor changes for clarity.

8. Please provide the address where this rule is publicly accessible in electronic form via the Internet as required by Arkansas Code § 25-19-108(b).

www.artrs.gov

9. Will a public hearing be held on this proposed rule? Yes No

If yes, please complete the following:

Date: _____

Time: _____

Place: _____

10. When does the public comment period expire for permanent promulgation? (Must provide a date.)

August 29, 2013

11. What is the proposed effective date of this proposed rule? (Must provide a date.)

December 1, 2013

12. Do you expect this rule to be controversial? Yes No

If yes, please explain. _____

13. Please give the names of persons, groups, or organizations that you expect to comment on these rules? Please provide their position (for or against) if known.

N/A

FINANCIAL IMPACT STATEMENT

PLEASE ANSWER ALL QUESTIONS COMPLETELY

DEPARTMENT Arkansas Teacher Retirement System
DIVISION Administration
PERSON COMPLETING THIS STATEMENT Laura Gilson
TELEPHONE NO. 501-682-1266 **FAX NO.** 501-682-6326 **EMAIL:** laurag@artrs.gov

To comply with Act 1104 of 1995, please complete the following Financial Impact Statement and file two copies with the questionnaire and proposed rules.

SHORT TITLE OF THIS RULE Protection of "Qualified Trust" Status of ATRS Under Internal Revenue Code § 401(a) (Rule 12-1)

1. Does this proposed, amended, or repealed rule have a financial impact? Yes No
2. Does this proposed, amended, or repealed rule affect small businesses? Yes No
If yes, please attach a copy of the economic impact statement required to be filed with the Arkansas Economic Development Commission under Arkansas Code § 25-15-301 et seq.

3. If you believe that the development of a financial impact statement is so speculative as to be cost prohibited, please explain.
N/A

4. If the purpose of this rule is to implement a federal rule or regulation, please give the incremental cost for implementing the rule. Please indicate if the cost provided is the cost of the program.

<u>Current Fiscal Year</u>	<u>Next Fiscal Year</u>
General Revenue _____	General Revenue _____
Federal Funds _____	Federal Funds _____
Cash Funds _____	Cash Funds _____
Special Revenue _____	Special Revenue _____
Other (Identify) _____	Other (Identify) _____
Total _____	Total _____

5. What is the total estimated cost by fiscal year to any party subject to the proposed, amended, or repealed rule? Identify the party subject to the proposed rule and explain how they are affected.

<u>Current Fiscal Year</u>	<u>Next Fiscal Year</u>
\$ _____	\$ _____

6. What is the total estimated cost by fiscal year to the agency to implement this rule? Is this the cost of the program or grant? Please explain.

<u>Current Fiscal Year</u>	<u>Next Fiscal Year</u>
\$ _____	\$ _____

Summary of Proposed Rule Change

for
Arkansas Teacher Retirement System

Rule 12-1 Protection of Qualified Trust under IRS Code

This Rule change is needed to comply with Acts 109 and 140 of 2013. Act 109 authorizes the Board to issue Rules or modify a Rule by Resolution at a Board meeting to comply and align with IRS rules. Act 140 is a "technical corrections" Act that in part, updated the IRS Code, as amended until January 1, 2013. Other changes are nonsubstantive and made for consistency within the Rules. Specific changes as referenced by the Rule page number are listed as follows:

12-1-1. Definition. Change necessitated by Act 140 to reflect the most current amended IRS Code.

12-1-1. 4. New subparagraph language added to reflect the authorization in Act 109.

RULE 12-1
**PROTECTION OF “QUALIFIED TRUST” STATUS
OF ATRS UNDER
INTERNAL REVENUE CODE § 401(a)**

A.C.A. § 24-7-202(16)
Act 71 of 2005

DEFINITION

Internal Revenue Code or **Code**, as used in these policies, rules, and regulations, means the federal Internal Revenue Code of 1986, as amended, as it existed on ~~January 1, 2005~~ January 1, 2013.

RULES (A.C.A. § 24-7-210)

1. The Executive Director of the Arkansas Teacher Retirement System is authorized and directed to operate ~~the Teacher Retirement System~~ ATRS and interpret any provisions of A.C.A. §§ 24-7-101 *et seq.* and these policies, rules, and regulations consistent with the requirements under the federal Internal Revenue Code and applicable United States Treasury regulations necessary to permit ~~the system~~ ATRS to be operated as a “qualified trust” under section 401(a) of the Code.
2. Policies, rules, and regulations promulgated by the Board shall be consistent with these directions.
3. Any policies, rules, or regulations found to be in conflict with an applicable provision of the Code are void.
4. The Board may modify or eliminate an ATRS Rule by resolution at any Board meeting if a Code requirement becomes unnecessary, immaterial, or obsolete to the maintenance of ATRS qualified trust status, for the purposes under Act 109 of 2013.

Adopted: July 18, 2005

Approved by Board: July 26, 2013

Amended:

Effective:

RULE 12-1
PROTECTION OF “QUALIFIED TRUST” STATUS
OF ATRS UNDER
INTERNAL REVENUE CODE § 401(a)

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