

State of Arkansas
76th General Assembly
Regular Session, 1987
By: Senator Hardin

SENATE BILL 538

"AN ACT TO AMEND SECTION 6 OF ACT 177 OF 1957, AS AMENDED [ARK. STAT. ANN. §12-2506] TO PROVIDE FOR REFUNDS OF EMPLOYER CONTRIBUTIONS FOR MUNICIPAL WATER AND SEWER DEPARTMENTS IN CITIES OF THE FIRST CLASS THAT BECOME LEASED FROM THE MUNICIPALITY AND WITHDRAW FROM THE PUBLIC EMPLOYEES RETIREMENT SYSTEM; AND FOR OTHER PURPOSES."

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

SECTION 1. Subsection (C) of Section 6 of Act 177 of 1957, as amended, the same being Arkansas Statutes Ann. §12-2506 (C), is hereby amended to add a subdivision (c) to Subsection (C) to read as follows:

"(c) From and after April 1, 1985, when the Water and Sewer Department (hereinafter referred to as "utility") of a municipal participating public employer in a city of the first class becomes leased from the municipality and operated by a non-profit corporation, the mayor shall notify the board in writing within ten (10) days after the utility ceases to be operated by the municipality, and may request a refund of the employer contributions paid to the system by the municipality on behalf of the utility employees during their period of employment with the utility. As soon as practicable after such notification and request, the board shall arrange for a determination by its actuary and/or investment counselor of the lump sum present value of future system benefits for retirants and beneficiaries and inactive members entitled to a deferred annuity from the employment with the utility while it was operated by the municipality and the refund requested shall be subject to the following:

(1) If such present value is more than the present system assets arising from the municipality's applicable contributions, then such difference as determined by the systems actuary shall be paid to the system by the muni-

cipality, either in a single sum or in a series of actuarially equivalent payments over a period not to exceed ten (10) years; the payment method shall be elected by the municipality from reasonable optional payment methods to be offered by the board.

(2) If such present value is less than the present system assets arising from the municipality's applicable contributions, then such difference as determined by the systems actuary shall be paid by the system to the municipality, either in single sum or in a series of actuarially equivalent payments for over a period not to exceed ten (10) years as the board shall determine.

(3) The board shall withhold twenty percent (20%) from the municipality's applicable employer contributions and shall maintain that amount in the employer accumulation account for non-contributory utility employees who may re-enter the system and have their forfeited utility service restored to their credit.

(4) From and after the effective date the utility ceased to be operated by the municipality, the system shall have no further obligation for payment of benefits for the municipality's employees, which benefits would be based on service with the utility, except for any refund of contributions due a former member from the member's deposit account. From and after the date the utility ceased to be operated by the municipality, the system shall retain the obligation for payment of benefits for the retirant and beneficiaries and inactive members entitled to a deferred annuity from employment with the utility while it was operated by the municipality, except that such retained obligation shall be reduced by any payment overdue or not paid to the system by the municipality for service of its utility employees before the municipality ceased operating the utility."

SECTION 2. All laws and parts of laws in conflict with this Act are hereby repealed.

SECTION 3. It is hereby found and determined by the General Assembly of the State of Arkansas that State law should be revised to provide for refunds of employer contributions for municipal water and sewer departments in city of the first class if the department becomes leased from the municipality and withdrawn from the Public Employees Retirement System and that the immediate

refund of the contribution will assist certain municipalities in meeting their financial obligation for providing services to the public. Therefore, an emergency is hereby declared to exist and this Act, being immediately necessary for the preservation of the public peace, health and safety shall be in full force and effect from and after its passage and approval.

