

State of Arkansas

77th General Assembly

Regular Session, 1989

H.R.

1013

By: Representative McGinnis

HOUSE RESOLUTION

REQUESTING THAT THE JOINT INTERIM COMMITTEE ON PUBLIC
RETIREMENT AND SOCIAL SECURITY PROGRAMS CONSIDER THE
FEASIBILITY OF REVISING ARKANSAS LAW PERTAINING TO
LOCAL POLICE AND FIRE PENSION AND RELIEF FUNDS AND
REFINEMENT OF INSURANCE TURNBACK ALLOCATIONS.

NOW THEREFORE,

BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES OF THE SEVENTY-SEVENTH GENERAL
ASSEMBLY OF THE STATE OF ARKANSAS,

That the Joint Interim committee on Public Retirement and Social Security
Programs is hereby requested to conduct a study to examine possible changes in
Arkansas law pertaining to Local Police and Fire Pension and Relief Funds and
refinement of the insurance turnback allocations. The study should examine
the following suggested changes in Arkansas Code 24-11-302 (e) and Arkansas
Code 24-11-810 (e):

1. Amend Arkansas Code 24-11-302 (e) to read as follows:

"(e) Each city and town qualified by either the Arkansas Fire and Police
Pension Review Board or the Board of Trustees of the Arkansas Local Police and
Fire Retirement System shall then be entitled to receive that portion of the
tax as described and appropriated by this subchapter that is collected during
the forthcoming calendar year, arising from such insurance as shall be written
upon every motor vehicle principally garaged in that qualified city or town,
subject to the refinements and reallocations specified hereafter in this
subsection (e). Beginning with payments due within calendar year 1990 to
qualified political subdivisions, before July 1 each year the Arkansas Fire
and Police Pension Review Board (hereafter termed 'FPPRB') shall make the
following determinations for each police retirement plan which has been

certified to the Insurance Commissioner (hereafter term 'IC') on or before the immediately preceding December 15:

(1) The FPPRB shall receive from the IC a list of the insurance premium taxes payable to each qualified political subdivison for the calendar year, determined in the same manner used for payments in 1988.

(2) For each political subdivision with one or more persons covered by a pension and relief fund (hereafter termed 'CF') and one or more persons covered by the Arkansas Local Police and Fire Retirement System (hereafter termed 'LOPFI'), the FPPRB shall determine the portion of the (1) tentative turnback allocable to the CF and the portion allocable towards its LOPFI contribution requirements, using the allocation method specified in Arkansas Code 24-10-409 for calendar year 1988 and the number of active employees reported to the FPPRB as of the immediately preceding December 31.

(3) Step (2) above produces the tentative allocation to each CF.

(4) An actuarial valuation determines the computed annual contribution for the calendar year for each CF using the following ingredients.

(A) Covered person data and financial data as of the immediately preceding December 31, or as of the December 31 one year earlier if the immediately preceding December 31 data is not assembled;

(B) For paid police, the benefits unconditionally mandated by state law for each such fund and in effect December 31, 1988. (5) For each CF, the computed contribution (4) is subtracted from the tentative allocation (3). If there is a positive remainder for a CF, the actual allocation to such CF shall be its computed contribution (4), and such positive remainder shall be reallocated according to the provisions of (6) next below.

(6) All positive remainders from step (5) are totaled. The total is allocated among the CFs whose computed contribution (4) was not covered by the tentative allocation (3). Such reallocation shall be based upon the number of persons, both active employees and retired persons, covered by such CFs as of the immediately preceding December 31; provided, for pro-rating purposes, one paid service employee, active or retired, or dependents thereof.

(7) If for any CF the total of the tentative allocation (3) plus the additional allocation (6) is more than computed contribution (4), all positive remainders are reallocated among the CFs whose computed contribution (4) was not covered by additional allocation (6), using the same bases established in

step (6).

(8) The compiled list of the amount payable to each CF and to each political subdivision for LOPFI purposes shall be furnished the IC, for prompt payment to each appropriate party."

2. Amend Arkansas Code 24-11-810 (e) to read as follows:

"(e)(1) It shall be the duty of the commissioner to keep a separate account of the tax paid by various insurance companies as provided by this act. In his report to the State Auditor and State Treasurer, he shall certify the exact amount which each qualified city, town, or fire protection district shall be entitled to receive, which shall be the two and one-half percent (2-1/2%), provided for in 24-11-809, collected upon property insured against the peril of fire in each individual city, town, or fire protection district, subject to the refinements and reallocations specified hereafter in this subsection (e)(1). Beginning with payments due within calendar 1990 to qualified political subdivisions, before July 1 each year the Arkansas Fire and Police Pension Review Board (hereafter termed 'FPPRB') shall make the following determinations for each fire retirement plan which has been certified to the Insurance Commissioner (hereafter termed 'IC') on or before the immediately preceding December 15:

(A) The FPPRB shall receive from the IC a list of the insurance premium taxes payable to each qualified political subdivision for the calendar year, determined in the same manner used for payments in 1988.

(B) For each political subdivision with one or more persons covered by a pension and relief fund (hereafter termed 'CF') and one or more persons covered by the Arkansas Local Police and Fire Retirement system (hereafter termed 'LOPFI'), the FPPRB shall determine the portion of the (A) tentative turnback allocable to the CF and the portion allocable toward its LOPFI contribution requirements, using the allocation method specified in Arkansas Code 24-10-409 for calendar year 1988 and the number of active employees reported to the FPPRB as of the immediately preceding December 31.

(C) Step (B) above produces the tentative allocation to each CF.

(D) An actuarial valuation determines the computed annual contribution for the calendar year for each CF using the following:

(1) Covered person data and financial data as of the

immediately preceding December 31, or as of the December 31 one year earlier if the immediately preceding December 31 data is not assembled;

(2) For paid fire, the benefits unconditionally mandated by state law for each such fund and in effect December 31, 1988. For volunteer fire, the benefits unconditionally mandated by state law for each such fund and in effect December 31, 1988 except that a \$50 monthly base amount shall be substituted for the present \$30 monthly for members retiring July 1, 1990 or later.

(E) For each CF, the computed contribution (D) is subtracted from the tentative allocation (C). If there is a positive remainder for a CF, the actual allocation to such CF shall be its computed contribution (D), and such positive remainder shall be reallocated according to the provisions of (F) next below.

(F) All positive remainders from step (E) are totaled. The total is allocated among the CFs whose computed contribution (D) was not covered by the tentative allocation (C). Such reallocation shall be based upon the number of persons, both active employees and retired persons, covered by such CFs as of the immediately preceding December 31; provided, for pro-rating purposes one paid service employee, active or retired, or dependent thereof shall be equal to ten volunteer service employees, active or retired, or dependents thereof.

(G) If for any CF the total of the tentative allocation (C) plus the additional allocation (F) is more than computed contribution (D), all positive remainders are reallocated among the CFs whose computed contribution (D) was not covered by additional allocation (F), using the same bases established in step (F).

(H) The compiled list of the amount payable to each CF and to each political subdivision for LOPFI purposes shall be furnished the IC, for prompt payment to each appropriate party."