

1 **State of Arkansas**
2 **78th General Assembly**
3 **Regular Session, 1991**
4 **By: Senator Moore**

A Bill

SENATE BILL 14

For An Act To Be Entitled

8 "AN ACT TO AMEND TITLE 24, CHAPTER 3, SUBCHAPTER 2,
9 CHAPTER 4, SUBCHAPTER 6 AND CHAPTER 6, SUBCHAPTER 2 OF THE
10 ARKANSAS CODE OF 1987, AS AMENDED, TO PROVIDE A COMPOUNDED
11 COST-OF-LIVING INCREASE TO RETIRANTS OF THE PUBLIC
12 EMPLOYEES RETIREMENT SYSTEM AND THE ARKANSAS STATE POLICE
13 RETIREMENT SYSTEM; AND FOR OTHER PURPOSES."

14
15 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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17 SECTION 1. Arkansas Code 24-3-205 is hereby amended to read as follows:

18 "(a) (1) Each July 1, the system shall redetermine the amount of each
19 monthly benefit which has been payable by the system for at least twelve (12)
20 full calendar months. The redetermined amount shall be payable for the
21 following twelve (12) calendar months.

22 (2) Subject to the maximum stated in subdivision (3) of this
23 subsection, such redetermined amount shall be the amount of the benefit
24 payable as of the immediately preceding July first increased by three percent
25 (3%).

26 (3) In no event shall the redetermined amount be less than the
27 amount of the benefit otherwise payable nor more than the amount of the
28 benefit otherwise payable multiplied by the following fraction:

29 (A) The numerator shall be the consumer price index for the
30 December immediately preceding the current July 1, but in no event an amount
31 less than the denominator; and

32 (B) The denominator shall be the consumer price index for
33 the December in the calendar year immediately preceding the effective date of
34 the benefit.

35 (b) As used in this section, 'the amount of the benefit otherwise

1 payable' means the monthly amount of benefit which would be payable
2 disregarding the provisions redetermining benefit amounts after retirement.

3 (c) As used in this section, 'consumer price' means the Consumer Price
4 Index for All Urban Consumers, as determined by the United States Department
5 of Labor and in effect January 1, 1987; however, should the consumer price
6 index be restructured subsequent to 1986 in a manner materially changing its
7 character, the board, after receiving the advice of the actuary, shall change
8 the application of the consumer price index so that, as far as is practicable,
9 the 1986 intent of the use of the consumer price index shall be continued."

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11 SECTION 2. Arkansas Code 24-4-607 is hereby amended to read as follows:

12 "(a) (1) Each July 1, the system shall redetermine the amount of each
13 monthly benefit which has been payable by the system for at least twelve (12)
14 full calendar months. The redetermined amount shall be payable for the
15 following twelve (12) calendar months.

16 (2) Subject to the maximum stated in subdivision (3) of this
17 subsection, such redetermined amount shall be the amount of the benefit
18 payable as of the immediately preceding July first increase by three percent
19 (3%).

20 (3) In no event shall the redetermined amount be less than the
21 amount of the benefit otherwise payable or more than the amount of the benefit
22 otherwise payable multiplied by the following fraction: The numerator shall
23 be the average of the consumer price index for the twelve (12) calendar months
24 in the calendar year immediately preceding July 1, but in no event an amount
25 less than the denominator. The denominator shall be the average of the
26 consumer price index for the twelve (12) calendar months in the calendar year
27 immediately preceding the effective date of the benefit.

28 (b) (1) As used in this section, 'the amount of the benefit otherwise
29 payable' means the monthly amount of benefit which would be payable
30 disregarding the provisions of this section redetermining benefit amounts
31 after retirement.

32 (2) As used in this section, 'consumer price' index means the
33 Consumer Price Index for All Urban Consumers, as determined by the United
34 States Department of Labor and in effect January 1, 1987; however, should the
35 consumer price index be restructured subsequent to 1986 in a manner materially
36 changing its character, the board, after receiving the advice of the actuary,

1 shall change the application of the consumer price index so that, as far as is
2 practicable, the 1986 intent of the use of the consumer price index shall be
3 continued.

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5 SECTION 3. Arkansas Code §24-6-219 is hereby amended to read as
6 follows:

7 "(a) Each July 1, the Arkansas State Police Retirement System shall
8 redetermine the amount of each monthly benefit which has been payable by the
9 system for at least twelve (12) full calendar months. The redetermined amount
10 shall be payable for the following twelve (12) calendar months.

11 (b) Subject to the maximum stated in subsection (c) of this section, the
12 redetermined amount shall be the amount of the benefit payable as of the
13 immediately preceding July 1, increased by three percent (3%).

14 (c) In no event shall the redetermined amount be less than the amount of
15 the benefit otherwise payable nor be more than the amount of the benefit
16 otherwise payable multiplied by the following fraction. The numerator shall
17 be the average of the consumer price index for the twelve (12) calendar months
18 in the calendar year immediately preceding the July 1, but in no event shall
19 it be an amount less than the denominator, which shall be the average of the
20 consumer price index for the twelve (12) calendar months in the calendar year
21 immediately preceding the effective date of the benefit.

22 (d) As used in the section:

23 (1) 'The amount of the benefit otherwise payable' means the
24 monthly amount of benefit which would be payable disregarding the provisions
25 of this section redetermining benefit amounts after retirement;

26 (2) 'Consumer price index' means the Consumer Price Index for All
27 Urban Consumers, as determined by the United States Department of Labor and in
28 effect January 1, 1987; however, should the consumer price index be
29 restructured subsequent to 1986 in a manner materially changing its character,
30 the board, after receiving the advice of the actuary, shall change the
31 application of the consumer price index so that, as far as is practicable, the
32 1986 intent of the use of the consumer price index shall be continued."

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34 SECTION 4. All provisions of this act of a general and permanent nature
35 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code of

1 Revision Commission shall incorporate the same in the Code.

SECTION 5. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to this end the provisions of this act are declared to be severable.

9 SECTION 6. All laws and parts of laws in conflict with this act are
10 hereby repealed.

SECTION 7. EMERGENCY. It is hereby found and determined by the General Assembly of the State of Arkansas that benefits provided to retirants and beneficiaries under the Arkansas Public Employees Retirement System and the Arkansas State Police Retirement System are inadequate and that an increase should be provided as soon as practicable in order to avoid an undue hardship to many such retirants and beneficiaries. Therefore, an emergency is hereby declared to exist and this act being necessary for the preservation of the public peace, health, and safety, shall be in full force and effect from and after July 1, 1991.

/s/ Moore

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