

1 State of Arkansas
2 81st General Assembly
3 Regular Session, 1997
4

As Engrossed: H3/21/97

A Bill

HOUSE BILL 1358

5 By: Representative McJunkin
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For An Act To Be Entitled

9 "AN ACT TO ESTABLISH THE ARKANSAS RETIRED POLICE OFFICERS
10 HEALTH BENEFIT SUPPLEMENT PROGRAM AND TO PROVIDE FOR
11 ADMINISTRATION AND FUNDING THEREFOR; TO AMEND VARIOUS
12 PROVISIONS OF TITLE 24, CHAPTER 11 OF THE ARKANSAS CODE OF
13 1987, ANNOTATED, TO MODIFY CERTAIN PROVISIONS RELATING TO
14 THE ARKANSAS FIRE AND POLICE PENSION GUARANTEE FUND; TO
15 PRESCRIBE AN EFFECTIVE DATE; AND FOR OTHER PURPOSES."
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Subtitle

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18 "TO CREATE THE ARKANSAS RETIRED POLICE
19 OFFICERS HEALTH BENEFIT SUPPLEMENT
20 PROGRAM"
21

22 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
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24 SECTION 1. Arkansas Code Annotated § 24-11-209 is amended to read as
25 follows:

26 "24-11-209. Arkansas Fire and Police Pension Guarantee Fund.

27 (a) The Arkansas Fire and Police Pension Guarantee Fund shall be
28 created and established for the purpose of providing a state fund to provide
29 financial assistance to certain municipal fire and police pension funds
30 established under §§ 14-52-106, 24-11-401 - 24-11-403, 24-11-405 - 24-11-413,
31 24-11-416, 24-11-417, 24-11-422, 24-11-423, 24-11-425, 24-11-428 - 24-11-430,
32 24-11-801 - 24-11-807, 24-11-809, 24-11-810, 24-11-813 - 24-11-815, 24-11-818
33 - 24-11-821.

34 (b)(1) Some of the municipal fire and police pension funds established
35 under §§ 14-52-106, 24-11-401 - 24-11-403, 24-11-405 - 24-11-413, 24-11-416,
36 24-11-417, 24-11-422, 24-11-423, 24-11-425, 24-11-428 - 24-11-430, 24-11-801 -

1 24-11-807, 24-11-809, 24-11-810, 24-11-813 - 24-11-815, 24-11-818 - 24-11-821,
2 may run out of funds before all of the promised benefits have been paid to
3 their members, retirants, and beneficiaries.

4 (2) The Arkansas Fire and Police Pension Guarantee Fund may
5 assist the municipal funds, in accordance with the following:

6 (A) A municipal fire or police pension fund may receive
7 financial assistance from the Arkansas Fire and Police Pension Guarantee Fund
8 if the assistance is approved by the Arkansas Fire and Police Pension Review
9 Board and if the fund complies with subdivision (b)(2)(B) of this section;

10 (B) If a municipal fire or police pension fund is to
11 receive financial assistance from the Arkansas Fire and Police Pension
12 Guarantee Fund, then:

13 (i) The municipal fire or police pension fund must
14 apply, in writing, for financial assistance to the Arkansas Fire and Police
15 Pension Guarantee Fund;

16 (ii) Upon receipt of the application, the Arkansas
17 Fire and Police Pension Review Board shall notify the board of trustees of the
18 fund, in writing, that the fund will receive financial assistance from the
19 Arkansas Fire and Police Pension Guarantee Fund if all of the provisions of
20 this subdivision (b)(2)(B) are met;

21 (iii) In order to receive any financial assistance
22 from the Arkansas Fire and Police Pension Guarantee Fund, the local fund must
23 be receiving a dedicated millage of one (1) mill;

24 (iv) Any benefits, including refunds of active member
25 contributions to terminating members, due after the date the local fund is
26 receiving assistance from the Arkansas Fire and Police Pension Guarantee Fund,
27 shall not exceed the minimum amount provided by law;

28 (v) The Arkansas Fire and Police Pension Review Board
29 may review the medical condition of all persons receiving a disability pension
30 from the local fund. If the Arkansas Fire and Police Pension Review Board
31 finds that a person receiving a disability pension from the local fund is no
32 longer disabled, and as a result is no longer entitled to a disability
33 pension, the person shall no longer receive a benefit from the local fund.

34 (c)(1)(A) The Arkansas Fire and Police Pension Guarantee Fund shall
35 receive a portion of the taxes levied on insurers for the support of fire and
36 police retirement programs by ~~§~~ 23-60-101 et seq. and ~~§§~~ 24-11-301 - 24-11-303,

1 24-11-801 - 24-11-807, 24-11-809, 24-11-810, 24-11-813, 24-11-818 - 24-11-821,
2 26-57-601 - 26-57-605, and 26-57-607, or any other state fund designated for
3 support of fire and police retirement programs in political subdivisions.

4 (B) The amount received by the Arkansas Fire and Police
5 Pension Guarantee Fund shall be based upon the taxes that are levied on
6 insurers but are not allocated to cities, towns, or fire protection districts
7 qualified to participate in the distribution of the taxes, and shall be the
8 amount so provided in §§ 24-11-302 and 24-11-809.

9 (2) If a fire or police retirement program, or the political
10 subdivision supporting a retirement program, does not receive a portion of the
11 taxes levied on insurers for the support of fire and police retirement
12 programs due to § 24-11-202, the taxes shall be paid into the Arkansas Fire
13 and Police Pension Guarantee Fund.

14 (3) The portion of tax revenues derived from premium taxes
15 described in Arkansas Code § 24-11-301 which are appropriated and paid over to
16 the Arkansas Fire and Police Pension Guarantee Fund and which are not paid to
17 projected insolvent funds covering police officers pursuant to subsections
18 (e)(3)(A) and (E) of this section 24-11-209 shall be transferred from the
19 Arkansas Fire and Police Guarantee Fund to the Arkansas Fire and Police
20 Pension Review Board on or before July 25 of each year, but not more than
21 three million dollars (\$3,000,000) in any fiscal year, and used to make the
22 payments under and pay the expenses of the Arkansas Retired Police Officers
23 Health Benefit Supplement Program.

24 (d) The maximum financial assistance that an eligible municipal fire or
25 police pension fund can receive in any year from the Arkansas Fire and Police
26 Pension Guarantee Fund is the remainder, if any, of the amount of the item in
27 subdivision (d)(1) of this section, after subtracting the amount equal to the
28 sum of all the items of subdivision (d)(2) of this section, as follows:

29 (1) The actuarially recommended contribution for the year,
30 determined as if the fund were providing the minimum benefits required by law;
31 and

32 (2)(A) Twelve percent (12%) of the covered salaries, or one
33 dollar (\$1.00) per month for each volunteer fire fighter;

34 (B) The dollar amount of the millage that would be produced
35 if one (1) mill was contributed to the plan;

36 (C) For police pension funds only, ten percent (10%) of

1 fines and forfeitures under § 24-11-413(a)(5) in the prior year; and

2 (D) The amount of state insurance turnback funds allocated
3 to the fund in the prior year.

4 (e)(1) The Arkansas Fire and Police Pension Review Board shall annually
5 recommend to the Chief Fiscal Officer of the State which pension funds shall
6 receive financial assistance from the Arkansas Fire and Police Pension
7 Guarantee Fund and the amount of the assistance.

8 (2) The Arkansas Fire and Police Pension Review Board shall take
9 into consideration the amount of income expected by the Arkansas Fire and
10 Police Pension Guarantee Fund when determining the amount of financial
11 assistance available to the local funds and considering whether the local fund
12 would be better served by consolidating into the Arkansas Local Police and
13 Fire Retirement System.

14 (3) The Arkansas Fire and Police Pension Review Board shall
15 recommend financial assistance from the Arkansas Fire and Police Pension
16 Guarantee Fund according to the following priorities:

17 (A) Projected insolvent funds which are not expected to
18 have enough funds to provide benefits for the current year;

19 (B) Projected insolvent funds which are expected to deplete
20 their funds within the next three (3) years;

21 (C) Projected insolvent funds which are expected to deplete
22 their funds within the next ten (10) years;

23 (D) Funds that are determined to be actuarially unsound by
24 the Arkansas Fire and Police Pension Review Board; and

25 (E) Other pension funds covering municipal *police officers*
26 *and* fire fighters in Arkansas, without regard to subsection (d) of this
27 section, or without regard to subdivision (b)(2)(B)(iii) of this section for
28 funds administered by the Arkansas Local Police and Fire Retirement System.

29 (f) The executive director and staff of the Arkansas Fire and Police
30 Pension Review Board shall serve as the executive director and staff of the
31 Arkansas Fire and Police Pension Guarantee Fund.

32 (g) Any expenses required to administer the Arkansas Fire and Police
33 Pension Guarantee Fund shall be determined and paid by the Arkansas Fire and
34 Police Pension Review Board out of the Arkansas Fire and Police Pension
35 Guarantee Fund.

36 (h)(1) The Arkansas Fire and Police Pension Review Board shall report

1 to the General Assembly on the condition of the Arkansas Fire and Police
2 Pension Guarantee Fund.

3 (2) The report shall be due by December 31 of each even-numbered
4 year.

5 (3) The report shall include the amount of financial assistance
6 provided during the last two (2) years and the expected tax allocation for the
7 next two (2) years."

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9 SECTION 2. Arkansas Code Annotated § 24-11-302(h)(1) is amended to read
10 as follows:

11 "(h)(1) All taxes, but not to exceed three million dollars (\$3,000,000)
12 in any fiscal year, that are levied on insurers but are not allocated to
13 cities or towns qualified to participate in the distribution of the taxes ~~may~~
14 shall be allocated first to the Arkansas Fire and Police Pension Guarantee
15 Fund and second to the Arkansas Retired Police Officers Health Benefit
16 Supplement Program as provided in Arkansas Code § 24-11-209(c)(1), (2), and
17 (3).

18 (2) Funds may be distributed by the Chief Fiscal Officer of the
19 State upon the recommendation of the Arkansas Fire and Police Pension Review
20 Board."

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22 SECTION 3. (a) There is hereby established the Arkansas Retired Police
23 Officers Health Benefit Supplement Program to be administered by the Arkansas
24 Fire and Police Pension Review Board. Local and municipal police officers
25 provide significant benefits and valuable services to the citizens of this
26 state by risking their lives and health to protect the lives and property of
27 our citizens. Upon their retirement from active service, these police
28 officers are provided modest retirement benefits through either a local police
29 pension fund or the Local Police and Fire Retirement System. In order to
30 maintain health insurance, however, these retired police officers, and their
31 survivors if deceased, must either pay for individual health insurance or
32 continue coverage under the insurance plan of the municipality or local
33 government from which they have retired. This situation either causes
34 significant hardship and expense for the retired police officer or added costs
35 for local governments due to increased group insurance premiums. A program by
36 which the State can provide a modest annual supplement to defray the cost of

1 health insurance for retired police officers and their survivors will benefit
2 all local police officers, local governments, and all citizens of the state.

3 (b) The Arkansas Retired Police Officers Health Benefit Supplement
4 Program shall be funded by that portion of premium taxes levied on insurers
5 for the support of police retirement programs which is transferred from the
6 Arkansas Fire and Police Pension Guarantee Fund to the Arkansas Fire and
7 Police Pension Review Board pursuant to Arkansas Code § 24-11-209(c)(3) The
8 Arkansas Fire and Police Pension Review Board shall administer, and make the
9 payments called for under, the Program, including formulating necessary rules,
10 procedures, and forms.

11 (c) Each retired police officer receiving retirement benefits from a
12 local police pension fund or the Local Police and Fire Retirement System and a
13 survivor of a retired police officer receiving such retirement benefits may
14 submit to the Arkansas Fire and Police Pension Review Board a certificate, in
15 a form specified by the Board, evidencing the total insurance premiums for
16 health and medical coverage for the retired officer or survivor paid during
17 the preceding twelve calendar months. Such form must be submitted between
18 July 1 and July 31 of each year.

19 (d) Following July 31 of each year, the Arkansas Fire and Police
20 Pension Review Board shall review the certificates submitted by the due date
21 and shall pay to each person submitting a valid certificate an amount,
22 computed in accordance with subdivision (e) of this Section 3, which payment
23 shall be treated for all purposes as a supplement to the retirement benefits
24 received by such person.

25 (e) The amount to be paid to each person submitting a valid certificate
26 shall be computed by dividing the total funds transferred to the Board
27 pursuant to Arkansas Code § 24-11-209(c)(3) on the immediately preceding
28 July 1, by the total number of valid certificates received by the Board on or
29 before July 31 of the same year; provided, however, the amount to be paid to
30 any person shall not exceed one hundred percent (100%) of the insurance
31 premiums paid by such person.

32 (f) Amounts transferred to the Board pursuant to Arkansas Code
33 § 24-11-209(c)(3) which exceed the amounts required to be paid by the Board
34 under the Program shall be paid by the Board to the State Treasury on or after
35 January 1 following the Boards payments required by subdivision (e) above.

36 (g) The effective date of this act shall be July 1, 1997, and the first

1 transfer pursuant to § 24-11-209(c)(3) shall occur on or before July 25, 1998.

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3 SECTION 4. All provisions of this act of a general and permanent nature
4 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
5 Revision Commission shall incorporate the same in the Code.

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

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

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/s/Rep. McJunkin

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