

State of Arkansas
82nd General Assembly
Regular Session, 1999

A Bill

HOUSE BILL 1106

By: Representative Faris
By: Senator Hopkins

For An Act To Be Entitled

"AN ACT TO AMEND ARKANSAS CODE 24-3-205 AND 24-4-607
TO AMEND THE METHOD OF COMPUTING THE COST OF LIVING
ADJUSTMENT FOR THE ARKANSAS PUBLIC EMPLOYEES
RETIREMENT SYSTEM; TO DECLARE AN EMERGENCY; AND FOR
OTHER PURPOSES."

Subtitle

"AN ACT TO AMEND THE COST OF LIVING
ADJUSTMENT."

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

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

"24-3-205. Benefit provisions - Redetermination of benefit.

(a)(1)(A) Each July 1, the system shall redetermine the amount of each
monthly benefit which has been payable by the system for at least twelve (12)
full calendar months.

(B) The redetermined amount shall be payable for the
following twelve (12) calendar months.

~~(2) Subject to the maximum stated in subdivision (a)(3) of this~~
~~section, such~~ Such redetermined amount shall be the amount of the benefit
payable as of the immediately preceding July 1 increased by three percent
(3%).

~~(3) In no event shall the redetermined amount be more than the~~
~~amount of the benefit payable as of the immediately preceding July 1~~
~~multiplied by the following fraction:~~

~~(A) The numerator shall be the average of the consumer price index for the twelve (12) calendar months in the calendar year immediately preceding July 1, but in no event an amount less than the denominator; and~~

~~(B) The denominator shall be the average of the consumer price index for the twelve (12) calendar months in the calendar year second preceding the redetermination date.~~

~~(b)(1) As used in this section, "consumer price index" means the Consumer Price Index for All Urban Consumers, as determined by the United States Department of Labor and in effect January 1, 1987.~~

~~(2) However, should the consumer price index be restructured subsequent to 1986 in a manner materially changing its character, the board, after receiving the advice of the actuary, shall change the application of the consumer price index so that, as far as is practicable, the 1986 intent of the use of the consumer price index shall be continued."~~

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

"24-4-607. Redetermination of benefits.

(a)(1) Each July 1, the Arkansas Public Employees' Retirement System shall redetermine the amount of each monthly benefit which has been payable by the system for at least twelve (12) full calendar months. The redetermined amount shall be payable for the following twelve (12) calendar months.

~~(2) Subject to the maximum stated in subdivision (3) of this subsection, such~~ Such redetermined amount shall be the amount of the benefit payable as of the immediately preceding July 1, increased by three percent (3%).

~~(3) In no event shall the redetermined amount be more than the amount of the benefit payable as of the immediately preceding July 1 multiplied by the following fraction:~~

~~(A) The numerator shall be the average of the consumer price index for the twelve (12) calendar months in the calendar year immediately preceding July 1, but in no event an amount less than the denominator; and~~

~~(B) The denominator shall be the average of the consumer price index for the twelve (12) calendar months in the calendar year second preceding the redetermination date.~~

1 ~~(redetermination date.~~

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

11
12 SECTION 3. All provisions of this Act of a general and permanent nature
13 are amendatory to the Arkansas Code of 1987 Annotated and the Arkansas Code
14 Revision Commission shall incorporate the same in the Code.

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16 SECTION 4. If any provision of this Act or the application thereof to
17 any person or circumstance is held invalid, such invalidity shall not affect
18 other provisions or applications of the Act which can be given effect without
19 the invalid provision or application, and to this end the provisions of this
20 Act are declared to be severable.

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22 SECTION 5. All laws and parts of laws in conflict with this Act are
23 hereby repealed.

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25 SECTION 6. EMERGENCY CLAUSE. It is hereby found and determined by the
26 Eighty-second General Assembly that historically the Public Employees
27 Retirement System has recomputed retirement benefits on July 1 of each year to
28 reflect a cost of living increase; that this act modifies the cost of living
29 increase; and that unless this emergency clause is adopted, this act will not
30 go into effect on July 1 of this year; and that unless this emergency clause
31 is adopted, this act will not be effective until July 1 of the succeeding
32 year. Therefore, an emergency is declared to exist, and this act being
33 immediately necessary for the preservation of the public peace, health and
34 safety shall become effective on July 1, 1999.