

1 State of Arkansas  
2 82nd General Assembly  
3 Regular Session, 1999

# A Bill

SENATE BILL 44

4  
5 By: Senator Hopkins  
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## For An Act To Be Entitled

8  
9 "AN ACT TO CREATE A LOCAL GOVERNMENT DIVISION WITHIN  
10 THE ARKANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM; TO  
11 DECLARE AN EMERGENCY; AND FOR OTHER PURPOSES."

## Subtitle

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13  
14 "AN ACT TO CREATE A LOCAL GOVERNMENT  
15 DIVISION."  
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18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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20 SECTION 1. Arkansas Code §24-4-201 is amended to read as follows:

21 "24-4-201. Arkansas Public Employees' Retirement System Fund - Creation  
22 - Division accounts.

23 (a)(1) There is established on the books of the Treasurer of State, the  
24 Auditor of State, and the Director of the Department of Finance and  
25 Administration a fund to be known as the Arkansas Public Employees' Retirement  
26 System Fund.

27 (2) This fund shall consist of trust funds as provided by law and  
28 shall be used for the payment of personal services, operating expenses,  
29 investments, benefits, refunds, and for such other purposes as may be  
30 authorized by law.

31 (b)(1) The Arkansas Public Employees' Retirement System shall consist  
32 of ~~five (5)~~ two (2) divisions, namely, the State Division, for the  
33 participation of state employees; ~~the County Division, for the participation~~  
34 ~~of county employees; the Municipal Division, for the participation of~~  
35 ~~municipal employees; the School Division, for the participation of certain~~  
36 ~~school employees; and the Other Nonstate Division, for the participation of~~

1 ~~certain other nonstate employees~~ and the Local Government Division, for the  
 2 participation of county employees, municipal employees, school employees, and  
 3 certain other nonstate employees as defined in §24-4-101. In addition, the  
 4 board shall have the authority to establish other divisions as necessary.

5 (2) Separate accounting of the fund's transactions shall be  
 6 maintained for each division, showing the equities of each division in the  
 7 assets of the system.

8 (3) The retirement system accounts shall be the members' deposit  
 9 account, the employers' accumulation account, the retirement reserve account,  
 10 the income account, and such other accounts as the board shall establish from  
 11 time to time."

12  
 13 SECTION 2. Arkansas Code §24-4-206 is amended to read as follows:

14 "24-4-206. Funding of additional liabilities of county or municipal  
 15 ~~divisions~~ employers of the Local Government Division.

16 (a)(1) Whenever the General Assembly shall enact any laws which create  
 17 additional eligibility or liabilities ~~of the~~ for County Constitutional  
 18 ~~Officers' Subdivision or of the Officers or for County Division~~ employees or  
 19 ~~Municipal Division~~ employees of the Arkansas Public Employees' Retirement  
 20 System and the Board of Trustees of the Arkansas Public Employees' Retirement  
 21 System shall determine, based upon actuarial valuation, that the method of  
 22 funding the additional liabilities is not sufficient to meet the unfunded  
 23 obligations created by the additional benefit or eligibility provision, then  
 24 the procedures established in this section shall be followed in providing the  
 25 necessary moneys to actuarially fund the additional liabilities.

26 (2)(A) The Executive Director of the Arkansas Public Employees'  
 27 Retirement System shall cause an actuarial valuation to be made of the  
 28 additional liabilities created by the laws.

29 (B) In the event the actuary determines that the employee  
 30 and employer contributions are actuarially insufficient to pay the benefits of  
 31 the elected county constitutional officer members or county or municipal  
 32 employee members of ~~their respective divisions~~ the Local Government Division  
 33 of the Arkansas Public Employees' Retirement System, the director shall  
 34 establish accounts and records to identify the estimated contributions and  
 35 other income available to actuarially fund the members' benefits when they  
 36 mature, as well as the extent that each county's member liabilities will

1 exceed the amount of employee and employer contributions and interest thereon.

2 (b)(1) The director shall then calculate, with the assistance of the  
3 actuary, the amount of funds required annually, or on a lump sum basis, to  
4 actuarially fund the additional unfunded liabilities created by the laws with  
5 respect to members from each county or municipality. He shall annually, or on  
6 a lump sum basis, certify to the Chief Fiscal Officer of the State the amount  
7 required for the year, or on a lump sum basis, to establish sufficient funds  
8 and reserves to meet the actuarial requirements of the additional benefits.

9 (2) The certificate of the Chief Fiscal Officer of the State  
10 shall reflect the amount of the annual extra payment to be charged against  
11 each of the several counties and municipalities, based on the unfunded  
12 liabilities with respect to their officials and employee members of the  
13 ~~respective divisions~~ Local Government Division.

14 (3) The Chief Fiscal Officer of the State shall cause the amount  
15 so certified to be transferred from the County Aid Fund or from the Municipal  
16 Aid Fund, as the case may be, from general revenues allocated thereto for  
17 turnback to counties or municipalities to the Arkansas Public Employees'  
18 Retirement System Fund for credit to the ~~County Constitutional Officers'~~  
19 ~~Subdivision, or to the County Division or Municipal Division~~ Local Government  
20 Division of the Arkansas Public Employees' Retirement System, as the case may  
21 be.

22 (4) From the general revenues allocated thereto for turnback to  
23 counties or municipalities, the Chief Fiscal Officer of the State shall deduct  
24 from the County Aid Fund turnback to be received by each county, an amount, as  
25 computed pursuant to this section, required to pay retirement benefits for its  
26 elected county constitutional officer members, and for its county employee  
27 members of the ~~County Division~~ Local Government Division of the Arkansas  
28 Public Employees' Retirement System.

29 (5) From general revenues allocated thereto for turnback to  
30 municipalities, the Chief Fiscal Officer of the State shall deduct from the  
31 Municipal Aid Fund turnback to be received by each municipality an amount,  
32 payable upon actuarial determination, required to pay retirement benefits for  
33 their municipal employee members from each of the respective municipalities.

34 (6)(A) The moneys to be transferred from the County Aid Fund and  
35 the Municipal Aid Fund shall not be charged against the total of the county  
36 aid or municipal aid funds available for distribution to counties or

1 municipalities.

2 (B) It is the intent of this section that each county pay  
3 annually from its County Aid Fund general revenues turnback, and that each  
4 municipality pay annually from its Municipal Aid Fund general revenues  
5 turnback, the amount of money required to meet the unfunded liability deficit  
6 in behalf of its respective county and municipal employee members of the  
7 Arkansas Public Employees' Retirement System resulting from the enactment of  
8 the laws."

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

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

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

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23 SECTION 6. EMERGENCY CLAUSE. It is hereby found and determined by the  
24 Eighty-second General Assembly that the creation of a Local Government  
25 Division will improve the financial position of the system resulting in more  
26 stable contribution rates for non-state participating employers with enhanced  
27 benefits for members and retirees of the Arkansas Public Employees Retirement  
28 System and for the effective administration of the system in this act must be  
29 effective at the beginning of the fiscal year because computations are made at  
30 the beginning of the fiscal year. Therefore, an emergency is declared to  
31 exist and this act being immediately necessary for the preservation of the  
32 public peace, health and safety shall become effective on July 1, 1999.

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