

Stricken language would be deleted from and underlined language would be added to law as it existed prior to the 82nd General Assembly.

1 State of Arkansas *As Engrossed: S3/10/99 S3/25/99 S3/26/99 S3/30/99*

2 82nd General Assembly

A Bill

3 Regular Session, 1999

SENATE BILL 879

4

5 By: Senator Hopkins

6

7

8

For An Act To Be Entitled

9 "AN ACT TO AMEND ARK. CODE ANN. 24-11-809, 24-11-810,
10 24-11-301 and 24-11-302 CONCERNING THE APPROPRIATION
11 OF INSURANCE PREMIUM TAXES AND THE QUALIFYING FACTORS
12 FOR A CITY, TOWN OR FIRE PROTECTION DISTRICT TO
13 PARTICIPATE IN THE FIREMEN'S AND POLICE OFFICERS'
14 PENSION AND RELIEF FUND; TO REPEAL ARK. CODE ANN. 26-
15 57-609; AND FOR OTHER PURPOSES. "

16

17

Subtitle

18 "AN ACT CONCERNING PARTICIPATION IN THE
19 FIREMEN'S AND POLICE OFFICERS' PENSION
20 AND RELIEF FUND. "

21

22

23

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

25

26 Section 1. Ark. Code Ann. 24-11-301 is amended to read as follows:

27 "24-11-301. Appropriation of tax revenues from foreign insurers.

28 (a) Sixty-six and two-thirds percent (66 2/3%) of the total tax
29 revenues derived from premium taxes paid to the State of Arkansas by alien and
30 foreign insurance companies upon premiums collected by the insurance companies
31 upon insurance contracts written on motor vehicles, the licensed addresses of
32 which are qualified cities or towns wherein the motor vehicles are insured
33 against the perils of physical damage or the owner or operators of the motor
34 vehicles are insured against legal liability arising out of the use,
35 ownership, or operation of the motor vehicles, is appropriated and set aside
36 for the use and benefit of all duly qualified police officers' pension and

1 relief funds and for the administrative and actuarial expenses of the Arkansas
2 Fire and Police Pension Review Board and for the Arkansas Fire and Police
3 Pension Guarantee Fund.

4 (1) The premium taxes collected in this subsection shall be
5 placed in a fund combined with the premium taxes collected pursuant to Ark.
6 Code Ann. 24-11-809. The combined fund shall be entitled the Firemen's and
7 Police Officers' Pension and Relief Fund.

8 (2) Each calendar year the Insurance Commissioner shall determine
9 the total gross amount collected pursuant to this act and Ark. Code Ann. 24-
10 11-809. The Insurance Commissioner shall withdraw six point two percent
11 (6.2%) of the total gross amount collected for this fund and transfer such to
12 General Revenue of the State of Arkansas.

13 (3) For the 1999-2000 fiscal year, six hundred thousand dollars
14 (\$600,000) shall be transferred to the Fire Protection Premium Tax Fund, from
15 the six point two percent (6.2%) that would have otherwise accrued to General
16 Revenues, and in all subsequent years, fifty percent (50%) of the increase in
17 premium taxes from the six point two percent (6.2%) of the total gross amount
18 collected, using the dollar amount collected in fiscal year 1999-2000 as the
19 baseline, shall be transferred to the Fire Protection Premium Tax Fund in
20 addition to the six hundred thousand dollars (\$600,000) per year, until such
21 time that a cap of two million dollars (\$2,000,000) annually is transferred to
22 the Fire Protection Premium Tax Fund. Thereafter, the annual transfer shall
23 be set at two million dollars (\$2,000,000).

24 (4) The remaining revenues collected pursuant to §§23-60-102, 24-
25 11-301, 24-11-302, 24-11-809, 24-11-810, 26-57-601--26-57-605, and 26-57-607
26 shall be distributed to the Firemen's and Police Officers' Pension and Relief
27 Fund and to the State of Arkansas as general revenues.

28 (A) The revenues shall be distributed in such a manner that
29 the Firemen's and Police Officers' Pension and Relief Fund and the general
30 revenue fund will each receive distributions of no less than they received in
31 fiscal year 1999; except that:

32 (i) If the revenues to be distributed in a subsequent
33 year are less than the revenues distributed in 1999 then the distributions to
34 each shall be reduced proportionately; and

35 (ii) If additional police departments become eligible
36 for distributions from the Firemen's and Police Officers' Pension and Relief

1 Fund, the base amount for the state shall be reduced in proportion to the
2 population in the area served by the police department to the portion of the
3 population of the state not covered by a police department receiving a
4 distribution from the fund.

5 (B) Except as provided in subdivision (4)(A), the portion
6 distributed to the Firemen's and Police Officers' Pension and Relief Fund
7 shall be based on the ratio percentage of the total population of the cities
8 or towns qualified to participate in such fund in comparison to the total
9 population of the State of Arkansas. The remaining percentage shall be
10 distributed to the State of Arkansas' general revenue fund.

11 (b) The amount of the tax revenues attributable to the fire peril of
12 physical damage insurance shall not be included.

13 (c) The payment for the administrative and actuarial expenses of the
14 Arkansas Fire and Police Pension Review Board shall be made prior to the
15 disbursements to the eligible political subdivisions.”
16

17 SECTION 2. Ark. Code Ann. 24-11-302 is amended to read as follows:

18 “24-11-302. Cities and towns qualified to participate - Reports.

19 (a) Each city or town having a police officers' pension and relief fund
20 which is organized pursuant to any existing statute of this state and each
21 city or town which covers its police department under the Arkansas Local
22 Police and Fire Retirement System shall be qualified to participate in the
23 distribution of the funds described and appropriated by this subchapter.

24 (b) The allocation of funds to each qualified city or town pursuant to
25 Ark. Code Ann. 24-11-301 shall be subject to the following conditions:

26 (1) Each calendar year the Board shall review its previous
27 calendar year distribution of funds to each qualified city or town prior to
28 disbursement to each of these qualified areas. This review shall comply with
29 subsection (d)(4) and (5) of this section; and

30 (2) The certification of any new city or town to participate in
31 the Firemen's and Police Officers' Pension and Relief Fund shall be considered
32 in the Arkansas Fire and Police Pension Review Board's assessment each
33 calendar year of the allocation of the disbursement of the funds pursuant to
34 subsection (d)(4) and (5) of this section.

35 (c)(1) The revenues collected pursuant to §§23-60-102, 24-11-301, 24-
36 11-302, 26-57-601--26-57-605, 26-57-607 and distribution in accordance with

1 this section shall be allocated to each qualified city or town in a proportion
2 determined by evaluation of the following factors:

3 (A) The legal description of the metes and bounds of the
4 city or town. The legal description shall be based on standard visible
5 features of the area. If the legal description cannot be based on standard
6 visible features, a Global Positioning System survey shall be conducted to
7 determine the boundaries; and

8 (B) A census population assessment in the city or town.

9 (2) The Mayor or other qualified representative of each city or
10 town shall certify to the Arkansas Fire and Police Pension Review Board the
11 accuracy of the metes and bounds legal description of the area and the
12 population information.

13 (A) The metes and bounds legal description shall be
14 determined by a surveyor licensed in the State of Arkansas, a preexisting map
15 held by the city, town or fire protection district or by the Institute for
16 Economic Advancement at the College of Business Administration at the
17 University of Arkansas at Little Rock's Geographic Information Systems Lab;
18 and

19 (B) The population of the area shall be determined by the
20 Census State Data Center at the Institute for Economic Advancement at the
21 College of Business Administration at the University of Arkansas at Little
22 Rock's Geographic Information Systems Lab.

23 (3)(A) An actuary certified by the Society of Actuaries shall
24 evaluate the information submitted pursuant to subsection (c) of this section
25 to determine the amount of turnback funds to be directed to an area based on
26 the following formula:

27 (i) The legal description of the metes and bounds
28 shall be considered as forty-percent (40%) of the calculation; and

29 (ii) The population of the area shall be considered
30 as sixty-percent (60%) of the calculation.

31 (B) The actuarial assessment shall apply the corresponding
32 ratio of these factors in calculating the exact amount of funds that should be
33 allocated to each city, town or fire protection district.

34 (d)(1) All cities, towns or fire protection districts participating in
35 the Arkansas Firemen's and Police Officers' Pension and Relief Fund as of the
36 date of this act shall receive at least seventy-five percent (75%) of its

1 current level of premium tax distributions upon conversion to the distribution
2 method prescribed in subsection (c). This threshold percentage may be used as
3 a phase-in tool by the Arkansas Fire and Police Pension Review Board to
4 accommodate the conversion of distribution of a period of five (5) years from
5 the date of this act. The distribution of these funds shall be subject to
6 subsection (b) of this section.

7 (2) All cities and towns having police departments organized
8 pursuant to §§ 24-11-101--830 that have provided the information required in
9 subsection (c) of this section to the Arkansas Fire and Police Pension Review
10 Board shall qualify for participation in the distribution of premium taxes for
11 Firemen's and Police Officers' Pension and Relief Fund under the Arkansas Fire
12 and Police Pension Review Board.

13 (3) On or before December 15, 1985, of each calendar year until
14 the year 2000 the Arkansas Fire and Police Pension Review Board shall certify
15 to the Insurance Commissioner those cities and towns which have organized
16 police departments qualified to participate in the distribution of premium
17 taxes described by §§24-11-301--24-11-830.

18 (4) On or before June 15, 2001 the Arkansas Fire and Police
19 Pension Review Board shall certify to the Department of Finance and
20 Administration (DF&A) those cities and towns that qualify for distribution of
21 premium taxes collected under §§23-60-102, 24-11-301, 24-11-302, 26-57-601 --
22 26-57-605, and 26-57-607 for the 2000 tax year pursuant to the amended section
23 determining qualification based on metes and bounds and population of the
24 area. Certification shall be provided to the Department of Finance and
25 Administration (DF&A) on all entities participating in the pension plan
26 including, but not limited to, those entities participating prior to the
27 effective date of this act.

28 (5) On or before June 15, 2001 the Arkansas Fire and Police
29 Pension Review Board shall certify to the Department of Finance and
30 Administration (DF&A) the exact amount of tax revenues each city and town is
31 entitled to receive for the calendar year in which coverage began pursuant to
32 subsection (c) of this section. Such information shall be provided each
33 calendar year thereafter on or before June 15.

34 (6) The eligibility of the cities or towns shall be continuous
35 for a ten (10) year period without recertification unless otherwise directed
36 by the Arkansas Fire and Police Pension Review Board. The first year of

1 implementation shall require a nine (9) year cycle from June 15, 2001.
2 Thereafter each city or town shall resubmit the information required in
3 subsection (c) of this section every ten (10) years beginning on December 15,
4 2010.

5 ~~(b)~~ (e) The Arkansas Fire and Police Pension Review board created by
6 §24-11-203 is directed, and it shall be its duty, to identify those cities and
7 towns to certify them to the Insurance Commissioner on or before December 15-
8 1985 of each calendar year until the year 2000, indicating that they are
9 qualified to participate in the distribution of those funds described and
10 appropriated by this subchapter. Subsequent to the year 2000, for each
11 political subdivision which covers a police department under the Arkansas
12 Local Police and Fire Retirement System, Arkansas Fire and Police Pension
13 Review Board shall certify eligibility for the tax moneys to the Department of
14 Finance and Administration (DF&A) on or before December 15 of the calendar
15 year.

16 ~~(c)~~ The eligibility of these subdivisions shall be continuous without
17 recertification, unless otherwise directed by the pension review board.

18 ~~(d)(1)~~ For each city or town which covers its entire police department
19 under the Arkansas Local Police and Fire Retirement system, the board of
20 trustees shall provide certification to the Insurance commissioner on or
21 before December 15 of the calendar year in which coverage began.

22 ~~(2)~~ The eligibility of the cities or towns shall be continuous
23 without recertification, unless otherwise directed by the board of trustees.

24 ~~(e)~~ (f) Until December 15, 2000, Each each city and town qualified by
25 either the Arkansas Fire and Police Pension Review Board or the Board of
26 Trustees of the Arkansas Local Police and Fire Retirement System shall then be
27 entitled to receive that portion of the tax, as described and appropriated by
28 this subchapter, that is collected during the forthcoming calendar year,
29 arising from such insurance as shall be written upon every motor vehicle
30 principally garaged in that qualified city or town.

31 ~~(f)~~ (g) The Insurance Commissioner shall advise all companies subject
32 to the tax of the name of each qualified city or town.

33 ~~(g)~~ (h) The companies shall report to the Insurance Commissioner, at
34 the time of filing their respective annual statements, those premiums from
35 motor vehicle owners for insurance
36 against the perils described in this subchapter and shall identify that

1 qualified city or town in which the subject of the insurance is principally
2 garaged until the year 2000.

3 (i) As of December 15, 2000, the provisions of subsection (f) (g) and
4 (h) shall be superseded by the provisions of subsections (a) (b) (c) and (d)
5 of Ark. Code Ann. 24-11-301 as amended in this act.

6 ~~(h) (j)~~(1) All taxes that are levied on insurers but are not allocated
7 to cities or towns qualified to participate in the distribution of the taxes
8 may be allocated to the Arkansas Fire and Police Pension Guarantee Fund.

9 ~~(2) Funds shall be distributed by the Chief Fiscal Officer of the~~
10 ~~State upon the recommendation of the Arkansas Fire and Police Pension Review~~
11 ~~Board in an amount necessary to fund the priority categories defined by~~
12 ~~subdivisions (e)(3)(A) through (e)(3)(D) in § 24-11-209.~~

13 ~~(3)(2)~~ Funds ~~may~~ shall be distributed by the Chief Fiscal Officer
14 of the State upon the recommendation of the Arkansas Fire and Police Pension
15 Review Board for plans in the priority category defined by subdivision
16 (e)(3)(E) of § 24-11-209. State upon the recommendation of the Arkansas Fire
17 and Police Pension Review Board for plans in the priority category defined by
18 subdivision (e)(3)(E) of §24-11-209. "

19
20 SECTION 3. Ark. Code Ann. 24-11-809 is amended to read as follows:

21 "24-11-809. ~~Appropriations~~ Apportionment of insurance premium tax
22 generally.

23 (a) There is ~~appropriated~~ apportioned and set aside for the use and
24 benefit of duly constituted firemen's relief and pension funds, and for the
25 administrative and actuarial expenses of the Arkansas Fire and Police Pension
26 Review Board and the Arkansas Fire and Police Pension Guarantee Fund the
27 annual taxes of two and one-half percent (2.5%) on all foreign and alien
28 premiums collected by all property and casualty insurance companies,
29 corporations, or associations incorporated under the laws of any state or
30 nation and doing business in the State of Arkansas, after all cancellations
31 and dividends to policyholders are deducted as provided by §§23-60-102, 24-11-
32 809, 26-57-601 - 26-57-605, and 26-57-607, upon real and personal property
33 insured against the perils of fire and extended coverage, tornado, windstorm,
34 cyclone, and hail, except upon growing crops, and located in or at cities,
35 towns, and fire protection districts in the State of Arkansas coming within
36 the provisions of this act.

1 (1) The premium taxes collected in this subsection shall be
2 placed in a fund combined with the premium taxes collected pursuant to Ark.
3 Code Ann. 24-11-301. The combined fund shall be entitled the Firemen's and
4 Police Officers' Pension and Relief Fund.

5 (2) Each calendar year the Insurance Commissioner shall determine
6 the total gross amount collected pursuant to this act and Ark. Code Ann. 24-
7 11-301. The Insurance Commissioner shall withdraw six point two percent
8 (6.2%) of the total gross amount collected for this fund and transfer such to
9 General Revenue of the State of Arkansas.

10 (3) For the 1999-2000 fiscal year, six hundred thousand dollars
11 (\$600,000) shall be transferred to the Fire Protection Premium Tax Fund, from
12 the six point two percent (6.2%) that would have otherwise accrued to General
13 Revenues, and in all subsequent years, fifty percent (50%) of the increase in
14 premium taxes from the six point two percent (6.2%) of the total gross amount
15 collected, using the dollar amount collected in fiscal year 1999-2000 as the
16 baseline, shall be transferred to the Fire Protection Premium Tax Fund in
17 addition to the six hundred thousand dollars (\$600,000) per year, until such
18 time that a cap of two million dollars (\$2,000,000) annually is transferred to
19 the Fire Protection Premium Tax Fund. Thereafter, the annual transfer shall
20 be set at two million dollars (\$2,000,000).

21 (b) In the case of multiperil policies with a single premium for both
22 the property and casualty coverages, the portion of the taxable premium shall
23 be as follows:

24 (1) In the case of commercial multiperil policies, seventy
25 percent (70%);

26 (2) In the case of homeowners' policies, forty-five percent
27 (45%);

28 (3) In the case of automobile physical damage policies, nine
29 percent (9%); and

30 (4) In the case of inland marine policies, fifteen percent (15%).

31 (c)(1)(A) The Insurance Commissioner is directed, and it shall be his
32 duty, to embody in his annual statement the names of all cities, towns, and
33 fire protection districts entitled to receive the tax paid by the insurance
34 companies.

35 (B) He shall require the companies to report at the time of
36 making his annual statements the amount of premiums received and the amount of

1 taxes paid by the companies during the year ending December 31, upon real and
2 personal property insured against the perils recited, in each and all of the
3 several cities, towns, and fire protection districts named in his report.

4 (2) *Thereafter, and by June 30 in each calendar year until the*
5 *year 2000*, the Insurance Commissioner shall certify to the Auditor of State
6 the names of the towns, cities, and fire protection districts having organized
7 fire departments which qualify for participation in the taxes distributed for
8 firemen's relief and pension funds, and the amount of taxes paid in the
9 preceding year by the companies described in this section upon the premiums
10 described in this section. *As of December 15, 2000, the provisions of*
11 *subsection (c)(1) and (c)(2) shall be superseded by the provisions of Ark.*
12 *Code Ann. 24-11-810(a) and (b).*

13 ~~(A)(i) If an aggrieved fire department or fire district~~
14 ~~determines that a gross inaccuracy exists in the reporting of taxes~~
15 ~~attributable to adjoining cities, towns, or fire protection districts, the~~
16 ~~aggrieved fire department or fire district may file with the Insurance~~
17 ~~Commissioner a hearing request, and forward it to the Insurance Commissioner.~~
18 ~~The hearing request shall state sufficient facts to support a reasonable~~
19 ~~likelihood that sufficient evidence will be presented at the requested hearing~~
20 ~~to establish that a gross inaccuracy exists. The commissioner may then direct~~
21 ~~and require the insurers writing premiums in and surrounding the fire district~~
22 ~~to report their premium data for the turnback year(s) in question to the~~
23 ~~commissioner. In order to support its charges of any inaccuracy or~~
24 ~~discrepancy, the aggrieved fire department or district which contends that~~
25 ~~there is a gross inaccuracy in the reporting of such taxes shall compile~~
26 ~~evidence to justify its complaint in support of a hearing request presented to~~
27 ~~the commissioner, and present the evidence in a hearing with the Insurance~~
28 ~~Commissioner. The commissioner shall hold a hearing under procedures in § 23-~~
29 ~~61-301, et seq., to determine if a gross inaccuracy exists. Upon the review~~
30 ~~and determination of the Insurance Commissioner that a gross inaccuracy is~~
31 ~~substantiated by the evidence presented in a hearing by the aggrieved~~
32 ~~department or district, the Insurance Commissioner shall recertify to the~~
33 ~~Auditor of State the names of the towns, cities, and fire protection districts~~
34 ~~having organized fire departments which qualify for participation in the taxes~~
35 ~~distributed for firemen's relief and pension funds, and recertify the amount~~
36 ~~of taxes paid in the preceding year by the companies upon the premiums~~

1 ~~described, or as necessary for a transfer of funds from the General Revenue~~
2 ~~Fund to the appropriate fire pension fund, as necessary to correct the fiscal~~
3 ~~year or turnback year problem. The Insurance Commissioner shall have the~~
4 ~~authority to modify his certification to the Auditor of State as to the amount~~
5 ~~of taxes or General Revenue Fund transfer moneys to be returned, or returned~~
6 ~~as between the aggrieved fire department or district and the fire department~~
7 ~~or district which received an excess amount of turnback tax the previous year~~
8 ~~or years so as to remedy the inequity between the two fire departments or fire~~
9 ~~districts. The modification or certification of the amount of turnback tax~~
10 ~~shall apply to the subsequent year or years' turnback tax to the extent~~
11 ~~necessary as determined by the commissioner to remedy the inequity, or to~~
12 ~~certify that the transfer of funds in the correct amount is to be made from~~
13 ~~the General Revenue Fund as necessary. The Insurance Commissioner shall only~~
14 ~~have the responsibility to modify his certification if the fire department or~~
15 ~~fire district which received the excess turnback funds is still qualified to~~
16 ~~receive tax and is owed a turnback tax in the subsequent year or years for~~
17 ~~which the commissioner determines a recertification is necessary.~~

18 ~~(ii) For purposes of this subsection, "gross~~
19 ~~inaccuracy" shall include errors in Pension Review Board certification of~~
20 ~~eligible fire pension fund locations to the Insurance Commissioner, or errors~~
21 ~~in tax distribution by the Insurance Department, and/or insurance licensee~~
22 ~~errors in reporting of addresses and locations of insured property, or similar~~
23 ~~compilation errors resulting in inaccuracy in reporting of written premiums in~~
24 ~~or tax distribution to a city, town, or fire protection district. "Gross~~
25 ~~inaccuracy" shall not include errors which do not equal or exceed five hundred~~
26 ~~dollars (\$500) in tax turnback funds to be distributed to such city, town, or~~
27 ~~fire protection district in any given fiscal year.~~

28 ~~(B) Whenever the commissioner has determined after a~~
29 ~~hearing that a gross inaccuracy exists and an adjustment of premium tax~~
30 ~~turnback moneys is warranted for future turnback years, he shall issue his~~
31 ~~order to the insurers to remedy such inaccuracy pursuant to his authority~~
32 ~~under § 23-61-301 et seq.~~

33 (3)(A) All taxes that are levied on insurers, but are not
34 allocated to cities, towns, and fire protection districts qualified to
35 participate in the distribution of the taxes, may be allocated to the Arkansas
36 Fire and Police Pension Guarantee Fund.

1 (B) Funds shall be distributed by the Chief Fiscal Officer
 2 of the State upon the recommendation of the Arkansas Fire and Police Pension
 3 Review Board in an amount necessary to fund the priority categories defined by
 4 subdivisions (e)(3)(A) through (e)(3)(D) in § 24-11-209.

5 (C) Funds may be distributed by the Chief Fiscal Officer of
 6 the State upon the recommendation of the Arkansas Police and Fire Pension
 7 Review Board for plans in the priority category defined by subdivision
 8 (e)(3)(E) of §24-11-209.

9 (4). The payment for the administrative and actuarial expenses of
 10 the Arkansas Fire and Police Pension Review Board shall be made prior to the
 11 disbursements to the eligible political subdivisions."
 12

13 SECTION 4. Arkansas Code 24-11-810 is amended to read as follows:

14 "24-11-810. ~~Appropriations~~ Allocation of insurance premium tax -
 15 Apportionment.

16 (a)(1) All additional revenues collected as a result of the levy of the
 17 insurance premium tax on domestic insurers, other than for premiums or
 18 copayments for life, disability, legal, wet marine, and foreign trade, and
 19 health maintenance organization insurance or contracts shall be special
 20 revenues and shall be apportioned and remitted to the respective cities,
 21 towns, and fire protection districts which maintain a qualified firemen's
 22 pension fund or cover fire fighters under the Arkansas Local Police and Fire
 23 Retirement System.

24 (2) (A) The revenues collected pursuant to §§ 23-60-102, 24-11-
 25 809, 24-11-810, 26-57-601--26-57-605, and 26-57-607 shall be distributed to
 26 the Firemen's and Police Officers' Relief and Pension Fund and to the State of
 27 Arkansas as general revenues.

28 (B) The revenues shall be distributed in such a manner that
 29 the Fire and Police Pension Fund and the general revenue fund will each
 30 receive distributions of no less than they received in calendar year 1999;
 31 except that:

32 (i) If the revenues to be distributed in a subsequent
 33 year are less than the revenues distributed in 1999 then the distributions to
 34 each shall be reduced proportionately; and

35 (ii) If additional fire departments become eligible
 36 for distributions from the Firemen's and Police Officers' Relief and Pension

1 Fund, the base amount for the state shall be reduced in proportion to the
2 population in the area served by the fire department to the portion of the
3 population of the state not covered by a fire department receiving a
4 distribution from the fund.

5 (C) Except as provided in subdivision (2)(B), the portion
6 distributed to the Firemen's and Police Officers' Relief and Pension Fund
7 shall be based on the ratio percentage of the total population of the cities,
8 towns or fire protection districts qualified to participate in such fund in
9 comparison to the total population of the State of Arkansas. The remaining
10 percentage shall be distributed to the State of Arkansas' general revenue
11 fund.

12 (D) The allocation of funds to each qualified city, town or
13 fire protection district pursuant to subdivisions (a)(3), (a)(4), and (a)(5)
14 of this subsection shall be subject to the following conditions:

15 (i) Each calendar year the Arkansas Fire and Police
16 Pension Review Board shall review its previous calendar year distribution of
17 funds to each qualified city, town or fire protection district prior to
18 disbursement to each of these qualified areas. This review shall comply with
19 subsection (b)(5) of this section; and

20 (ii) The certification of any new city, town or fire
21 protection district to participate in the Firemen's and Police Officers'
22 Relief and Pension Fund shall be considered in the Fire and Police Pension
23 Board's assessment each calendar year of the allocation of the disbursement of
24 the funds pursuant to subsection (b) (5) of this section.

25 (2)(3) The ~~additional~~ revenues collected pursuant to §§ 23-60-
26 102, 24-11-809, 26-57-601 - 26-57-605, ~~and~~ 26-57-607 and distribution in
27 accordance with subsection (a) of this section shall be allocated to each
28 qualified city, town, or fire protection district in ~~the a~~ proportion ~~that the~~
29 net premiums and net considerations paid to foreign and alien insurers for
30 risks located in each qualified city, town, or fire protection district bear
31 to the total net premiums and net considerations paid to foreign and alien
32 insurers for risks located in each qualified city, town, and fire protection
33 district in the state. determined by evaluation of the following factors:

34 (A) The legal description of the metes and bounds of the
35 city, town or fire protection district. The legal description shall be based
36 on standard visible features of the area. If the legal description cannot be

1 based on standard visible features, a Global Positioning System survey shall
2 be conducted to determine the boundaries; and

3 (B) A census population assessment in the city, town or
4 fire protection district.

5 (4) The fire coordinator of each city, town or fire protection
6 district shall certify to the Arkansas Fire and Police Pension Review Board
7 the accuracy of the metes and bounds legal description of the area and the
8 population information.

9 (A) The metes and bounds legal description shall be
10 determined by a surveyor licensed in the State of Arkansas, a preexisting map
11 held by the city, town or fire protection district or by the Institute for
12 Economic Advancement at the College of Business Administration at the
13 University of Arkansas at Little Rock's Geographic Information Systems Lab;
14 and

15 (B) The population of the area shall be determined by the
16 Census State Data Center at the Institute for Economic Advancement at the
17 College of Business Administration at the University of Arkansas at Little
18 Rock's Geographic Information Systems Lab.

19 (5)(A) An actuary certified by the Society of Actuaries shall
20 evaluate the information submitted pursuant to (a)(3) of this section to
21 determine the amount of turnback funds to be directed to an area based on the
22 following formula:

23 (i) The legal description of the metes and bounds
24 shall be considered as forty-percent (40%) of the calculation; and

25 (ii) The population of the area shall be considered
26 as sixty-percent (60%) of the calculation.

27 (B) The actuarial assessment shall apply the corresponding
28 ratio of these factors in calculating the exact amount of funds that should be
29 allocated to each city, town or fire protection district.

30 (b)(1) All cities, towns and fire protection districts participating in
31 the Firemen's and Police Officers' Relief and Pension Fund as of the date of
32 this act shall receive at least seventy-five percent (75%) of its current
33 level of premium tax distributions upon conversion to the distribution method
34 prescribed in subsections (a) and (b). This threshold percentage may be used
35 as a phase-in tool by the Arkansas Fire and Police Pension Review Board to
36 accommodate the conversion of distribution for a period of five (5) years from

1 the date of this Act. The distribution of these funds shall be subject to
2 subsection (a) of this Section.

3 (2) The Arkansas Fire and Police Pension Review Board is
4 directed, and it shall be its duty, to determine those cities, towns, and fire
5 protection districts having fire departments organized pursuant to §§ 24-11-
6 801 - 24-11-807, 24-11-809, 24-11-810, 24-11-813 - 24-11-815, 24-11-818 - 24-
7 11-821, which qualify for participation in the taxes distributed for firemen's
8 relief and pension funds. All cities, towns, and fire protection districts
9 having fire departments organized pursuant to §§ 24-11-801 -- 24-11-807, 24-
10 11-809, 24-11-810, 24-11-813 -- 24-11-815, 24-11-818 -- 24-11-821, that have
11 provided the information required in subsection (a)(3) of this section to the
12 Arkansas Fire and Police Pension Review Board shall qualify for participation
13 in the taxes distributed for firemen's relief and pension funds under the
14 Arkansas Fire and Police Pension Review Board.

15 (2)(3) On or before December 15, 1985, of each calendar year
16 until the year 2000 the Arkansas Fire and Police Pension Review Board shall
17 certify to the Insurance Commissioner those cities, towns, and fire protection
18 districts which have organized fire departments qualified to participate in
19 the taxes described by §§24-11-801 -- 24-11-807, 24-11-809, 24-11-810, 24-11-
20 813 - 24-11-815, 24-11-818 - 24-11-821.

21 (4) On or before June 15, 2001 the Arkansas Fire and Police
22 Pension Review Board shall certify to the Department of Finance and
23 Administration those cities, towns, and fire protections districts that
24 qualify for distribution of premium taxes collected under §§23-60-102, 24-11-
25 809, 26-57-601 -- 26-57-605, and 26-57-607 for the 2000 tax year pursuant to
26 the amended section determining qualification based on metes and bounds and
27 population of the area. Certification shall be provided to the Department of
28 Finance and Administration on all entities participating in the pension plan
29 including, but not limited to, those entities participating prior to the
30 enactment of this legislation.

31 (5) On or before June 15, 2001 the Arkansas Fire and Police
32 Pension Review Board shall certify to the Department of Finance and
33 Administration the exact amount of tax revenues each city, town, or fire
34 protection district is entitled to receive for the calendar year in which
35 coverage began pursuant to subsection (a) (2) (3) and (b) (1) of this section.
36 Such information shall be provided each calendar year thereafter on or before

1 June 15.

2 ~~(3)(6)~~ The eligibility of the subdivisions city, town or fire
3 protection district shall be continuous for a ten (10) year period without
4 recertification unless otherwise directed by the pension review board. The
5 first year of implementation shall require a nine (9) year cycle from June 15,
6 2001. Thereafter each city, town or fire protection district shall resubmit
7 the information required in subsection (a) (2) (3) of this section every ten
8 (10) years beginning on December 15, 2010.

9 ~~(c)(1)~~ For each political subdivision which covers a fire department
10 under the Arkansas Local Police and Fire Retirement System, the board of
11 trustees shall certify eligibility for the tax moneys to the Insurance
12 Commissioner on or before December 15 of the calendar year in which coverage
13 began.

14 ~~(2)~~ The eligibility of the subdivisions shall be continuous
15 without recertification unless otherwise directed by the board of trustees.

16 ~~(d)(c)~~ Each city, town, and fire protection district having a fire
17 department qualified by either the Arkansas Fire and Police Pension Review
18 Board or the Board of Trustees of the Arkansas Local Police and Fire
19 Retirement System shall be entitled to receive that portion of the tax
20 described and levied by §§ 24-11-801 - 24-11-807, 24-11-809, 24-11-810, 24-11-
21 813 - 24-11-815, 24-11-818 - 24-11-821 that is collected during the
22 forthcoming calendar year.

23 ~~(e) (d)(1)(A)~~ It shall be the duty of the commissioner to keep a
24 separate account of the tax paid by various insurance companies as provided by
25 this act.

26 ~~(B)~~ In his report to the Auditor of State and Treasurer of
27 State, he shall certify the exact amount which each qualified city, town, or
28 fire protection district shall be entitled to receive, which shall be the two
29 and one-half percent (2.5%), provided for in § 24-11-809, collected upon
30 property insured against the peril of fire in each individual city, town, or
31 fire protection district.

32 (2) The Treasurer of State shall keep the sums in a fund separate
33 and apart from the general revenue, and the sums shall be used only for the
34 purpose of this act.

35 ~~(3)~~ As soon as the Auditor of State receives the report of the
36 commissioner showing the amount of tax due each city, town, or fire protection

1 ~~district as provided in this section, he shall draw his warrant on the~~
 2 ~~Treasurer of State in favor of the treasurer of each city, town, or fire~~
 3 ~~protection district for the benefit of the firemen's relief and pension fund~~
 4 ~~or the Arkansas Local Police and Fire Retirement System for the amount of the~~
 5 ~~moneys which each city, town, or fire protection district shall be entitled to~~
 6 ~~receive as shown by the report of the commissioner, based entirely upon the~~
 7 ~~amount of premiums upon properties insured against the peril of fire collected~~
 8 ~~by fire, tornado, and marine insurance companies in each particular town,~~
 9 ~~city, or fire protection district and shall deliver the warrant to the~~
 10 ~~treasurer.~~

11 (3) As soon as the commissioner prepares the report showing the
 12 amount of tax due each city, town, or fire protection district as provided in
 13 this section, he shall issue a voucher to the State's Chief Fiscal Officer in
 14 favor of the treasurer of each city, town, or fire protection district for the
 15 benefit of the Firemen's and Police Officers' Pension and Relief Fund or the
 16 Arkansas Local Police and Fire Retirement System for the amount of the moneys
 17 which each city, town or fire protection district shall be entitled to receive
 18 as shown by the report of the commissioner and shall deliver the warrant to
 19 the treasurer. These amounts shall be paid from the annual appropriations
 20 made to the Arkansas Insurance Department for that purpose. As of December
 21 15, 2000, the provisions of this subsection shall be superseded by the
 22 subsection (b)(5) of this Act.

23 ~~(f)(e)~~ All nonprofit corporations formed for fire protection purposes
 24 and which participate in the Arkansas Local Police and Fire Retirement System
 25 created by § 24-10-101 et seq. shall participate in the distribution of
 26 insurance premium tax revenues to the same extent as other fire protection
 27 organizations under subsections (a), (b), and (e) of this section, §§24-10-401
 28 - 24-10-409, 24-11-809, 26-57-609, and 26-57-610, and any other laws providing
 29 for the distribution of insurance premium tax moneys to fire protection
 30 organizations. "

31
 32 SECTION 5. Ark. Code Ann. 26-57-609 is hereby repealed.

33 ~~26-57-609. Allocation of tax.~~

34 ~~All revenues derived from the additional one-half of one percent (1/2 of~~
 35 ~~1%) tax levied on premiums by §§ 26-57-601 - 26-57-605 shall be special~~
 36 ~~revenues. The net amount thereof shall be credited to the Municipal Aid Fund~~

1 ~~and shall be allocated for administrative and actuarial expenses of the~~
2 ~~Arkansas Fire and Police Pension Review Board and the firemen's relief and~~
3 ~~pension funds of the respective municipalities and fire protection districts~~
4 ~~in the state having such funds in the same proportions that funds set aside by~~
5 ~~§ 24-11-809 are apportioned. The payment to the review board shall be made~~
6 ~~prior to the disbursements to the eligible political subdivisions.~~

7
8 SECTION 6. The Department of Finance and Administration is authorized
9 to promulgate such reasonable Rules and Regulations as are necessary to carry
10 out the provision of this Act.

11
12 SECTION 7. 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.

15
16 SECTION 8. 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.

21
22 SECTION 9. All laws and parts of laws in conflict with this Act are
23 hereby repealed.

24
25 SECTION 10. EMERGENCY CLAUSE. It is hereby found and determined by the
26 Eighty-second General Assembly, that certain provisions of the law governing
27 the Firemen's and Police Officers' Pension and Relief Fund need to be amended
28 concerning the distribution and allocation of funds and that the effective
29 administration of State government makes it necessary for these changes to
30 begin immediately. Therefore, an emergency is declared to exist and this act
31 being immediately necessary for the preservation of the public peace, health
32 and safety shall become effective on the date of its approval by the governor.
33 If the bill is neither approved nor vetoed by the Governor, it shall become
34 effective on the expiration of the period of time during which the Governor
35 may veto the bill. If the bill is vetoed by the Governor and the veto is
36 overridden, it shall become effective on the date the last house overrides the

1 veto.

/s/ Hopkins

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