

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

1 State of Arkansas
2 84th General Assembly
3 Regular Session, 2003
4

As Engrossed: H2/14/03 H2/21/03

A Bill

HOUSE BILL 1244

5 By: Representative R. Smith
6 *By: Senator J. Bookout*
7
8

For An Act To Be Entitled

9
10 AN ACT TO AMEND THE ALLOCATION OF TURNBACK FUNDS
11 TO THE POLICE AND FIRE PENSION AND RELIEF FUNDS
12 AND THE ARKANSAS LOCAL *POLICE* AND FIRE RETIREMENT
13 *SYSTEM; TO REARRANGE AND CLARIFY EXISTING LAWS*
14 *RELATING TO THE ALLOCATION OF INSURANCE PREMIUM*
15 *TAX FUNDS; AND FOR OTHER PURPOSES.*
16

Subtitle

17
18 TO AMEND THE ALLOCATION OF TURNBACK
19 FUNDS TO THE POLICE AND FIRE PENSION AND
20 RELIEF FUNDS AND THE ARKANSAS LOCAL
21 *POLICE* AND FIRE RETIREMENT SYSTEM.
22
23

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

25 SECTION 1. Arkansas Code Title 24, Chapter 11, Subchapter 2 is amended
26 *to add additional sections to read as follow:*

27 24-11-213. Allocation of insurance premium tax - Apportionment.

28 (a)(1)(A) The premium taxes collected under § 24-11-301 shall be
29 placed in a fund combined with the premium taxes collected pursuant to § 24-
30 11-809.

31 (B) The combined fund shall be entitled the "Firemen's and
32 Police Officers' Pension and Relief Fund".

33 (C) The Firemen's and Police Officers' Pension and Relief
34 Fund shall consist of a "fire portion" and a "police portion".

35 (2) The remaining revenues collected under §§ 23-60-102, 24-11-
36 301, 24-11-809, 26-57-601 – 26-57-605, and 26-57-607 shall be distributed to



1 the Firemen's and Police Officers' Pension and Relief Fund and to the State
2 of Arkansas as general revenues.

3 (3) Revenues distributed to the State of Arkansas as general
4 revenues are subject to the allocations under § 24-11-215.

5 (b) The revenues shall be distributed in a manner that the Firemen's
6 and Police Officers' Pension and Relief Fund and the general revenue fund
7 will each receive distributions of no less than they received in fiscal year
8 1999, except that:

9 (1) If the revenues to be distributed in a subsequent year are
10 less than the revenues distributed in 1999, then the distributions to each
11 shall be reduced proportionately; and

12 (2) If additional fire departments become eligible for
13 distributions from the Firemen's and Police Officers' Pension and Relief
14 Fund, the base amount for the state shall be reduced in proportion to the
15 population in the area served by the fire department to the portion of the
16 population of the state not covered by a fire department receiving a
17 distribution from the fund; and

18 (3) If additional police departments become eligible for
19 distributions from the Firemen's and Police Officers' Pension and Relief
20 Fund, the base amount for the state shall be reduced in proportion to the
21 population in the area served by the police department to the portion of the
22 population of the state not covered by a police department receiving a
23 distribution from the fund.

24 (c)(1) Except as provided under subsection (b) of this section, the
25 portion distributed to the Firemen's and Police Officers' Relief and Pension
26 Fund shall be based on the ratio percentage of the total population of the
27 cities, towns, or fire protection districts qualified to participate in the
28 fund in comparison to the total population of the State of Arkansas.

29 (2) The remaining percentage shall be distributed to the State
30 of Arkansas' General Revenue Fund.

31 (d) The allocation of funds between the Firemen's and Police Officers'
32 Pension and Relief Fund and the State of Arkansas General Revenue Fund under
33 this section shall be subject to the following conditions:

34 (1) Each calendar year the Arkansas Fire and Police Pension
35 Review Board shall review its previous calendar year distribution of funds to
36 each qualified city, town, or fire protection district prior to disbursement

1 to each of these qualified areas in compliance with § 24-11-214(h);

2 (2) The certification of any new city, town, or fire protection
3 district to participate in the Firemen's and Police Officers' Relief and
4 Pension Fund shall be considered in the board's assessment each calendar year
5 of the allocation of the disbursement of the funds under § 24-11-214(h); and

6 (3)(A) Any change in the legal description of any city, town, or
7 fire protection district will be considered in the board's assessment each
8 year.

9 (B) Any changes shall be reported to the board by December
10 15 of each calendar year.

11 (C) The associated population change caused by the change
12 in legal description shall also be considered.

13 (4) The total population of the cities, towns, or fire
14 protection districts qualified to participate in the fund will be determined
15 by a census population assessment in the city, town, or fire protection
16 district.

17 (5)(A) The legal description of the metes and bounds of the
18 city, town, or fire protection district shall be based on standard physical
19 features of the area.

20 (B) If the legal description cannot be based on standard
21 physical features, a Global Positioning System survey shall be conducted to
22 determine the boundaries.

23 (6)(A) The preferred description of the area will be based on
24 standard physical features.

25 (B) Each local department shall change the department's
26 description of metes and bounds to the standard physical features'
27 description.

28 (C) In the case of a fire department, if the local chief
29 cannot agree on a standard physical features' description, the county quorum
30 court will make the decision.

31 (7) The mayor or other qualified representative of each city or
32 town or county fire coordinator for a rural fire protection district shall
33 certify to the board the accuracy of the metes and bounds legal description
34 of the area.

35 (8) The metes and bounds legal description shall be determined
36 by a surveyor licensed in the State of Arkansas, a preexisting map held by

1 the city, town, or fire protection district, or by the Institute for Economic
2 Advancement at the College of Business Administration at the University of
3 Arkansas at Little Rock's Geographic Information Systems Lab.

4 (9) The population of the area shall be determined by the Census
5 State Data Center at the Institute for Economic Advancement at the College of
6 Business Administration at the University of Arkansas at Little Rock's
7 Geographic Information Systems Lab.

8 (10) The amount of revenues allocated to the Firemen's and
9 Police Officers' Pension and Relief Fund shall be kept separate for the fire
10 portion and the police portion.

11
12 24-11-214. Allocation of insurance premium tax - Division among
13 localities.

14 (a) An actuary certified by the Society of Actuaries shall evaluate
15 the information submitted under §§ 24-11-213 through 24-11-215 to determine
16 the amount of the premium tax revenues to be directed to each city, town, or
17 fire protection district.

18 (b)(1) It is the intent of the General Assembly that the allocation of
19 revenues to the Firemen's and Police Officers' Pension and Relief Fund be
20 directed to a city, town, or fire protection district based on the actuarial
21 cost of their retirement programs.

22 (2) The actuarial cost shall be:

23 (A)(i) The actuarial cost for a calendar year for a group
24 that is a member of the Arkansas Local Police and Fire Retirement System
25 shall equal that group's calculated contribution rate as of the beginning of
26 that calendar year, multiplied by that group's estimated annual payroll as of
27 the beginning of that calendar year.

28 (ii) However, for volunteer fire fighters, the
29 actuarial cost shall equal the group's per person cost as of the beginning of
30 that calendar year, multiplied by the number of volunteer fire fighters in
31 that group as of the beginning of that calendar year.

32 (B) The actuarial cost for a calendar year for the group
33 that is covered by a local pension and relief fund shall be the dollar cost
34 calculated by the actuary for the Arkansas Fire and Police Pension Review
35 Board for the preceding calendar year.

36 (C) The actuarial cost for a calendar year shall include

1 the cost of any benefit enhancements mandated by state law, but shall not
2 include any benefit enhancement that is the result of local options or
3 increases after January 1, 2003.

4 (c) The amount of revenues to be directed to cities, towns, and fire
5 protection districts shall equal:

6 (1) The amount in the Firemen's and Police Officers'
7 Pension and Relief Fund;

8 (2) Less the payment for the administrative and actuarial
9 expenses of the Arkansas Fire and Police Pension Review Board under
10 subsection (k) of this section and under § 24-11-203(k)(5); and

11 (3) Less the amount described in subsection (g) of this
12 section.

13 (d)(1) In general, the revenues shall be allocated in each calendar
14 year to each city, town, or fire protection district so that each city, town,
15 or fire protection district receives the same percentage of their total cost
16 as they received in 2002, but not more than one hundred percent (100%) of
17 their cost.

18 (2) Any remaining revenues are to be allocated to those
19 receiving less than one hundred percent (100%) of their cost.

20 (e) This allocation shall keep the fire portion and the police portion
21 separate and shall be accomplished by the following steps:

22 (1) The actuarial cost for calendar year 2002 for each local
23 pension and relief fund shall be determined;

24 (2) The actual dollar amount of contributions for calendar year
25 2002 for each group covered by Arkansas Local Police and Fire Retirement
26 System shall be determined;

27 (3) The total of subdivisions (e)(1) and (e)(2) of this section
28 shall be determined for each city, town, and fire protection district and
29 this total shall be determined separately for the fire portion and for the
30 police portion and a combined total of the fire portion and the police
31 portion shall also be determined;

32 (4) The amount of premium tax revenue allocated to each city,
33 town, and fire protection district in calendar year 2002 shall be determined
34 and this amount shall be determined separately for the fire portion and for
35 the police portion and a combined total of the fire portion and the police
36 portion shall also be determined;

1 (5) A percentage, called the "calendar year 2002 percentage of
2 costs covered by premium tax" shall be determined as the ratio of subdivision
3 (e)(4) of this section divided by subdivision (e)(3) of this section and the
4 percentage shall be determined separately for the fire portion, for the
5 police portion, and for the combined total;

6 (6)(A) A percentage, called the "minimum percentage covered"
7 shall be determined as the lesser of:

8 (i) The "calendar year 2002 percentage of costs
9 covered by premium tax"; or

10 (ii) One hundred percent (100%).

11 (B) This "minimum percentage covered" shall be determined
12 separately for the fire portion, for the police portion, and for the combined
13 total.

14 (C) The "minimum percentage covered" shall be a fixed
15 percentage, and shall not change over time;

16 (7) The actuarial cost for the calendar year of allocation for
17 each local pension and relief fund shall be determined;

18 (8) The actuarial cost for the calendar year of allocation for
19 each group covered by Arkansas Local Police and Fire Retirement System shall
20 be determined;

21 (9) The total of subdivision (e)(7) of this section and
22 subdivision (e)(8) of this section shall be determined for each city, town,
23 and fire protection district and this total shall be determined separately
24 for the fire portion and for the police portion and a combined total of the
25 fire portion and the police portion shall also be determined;

26 (10)(A) The "first allocation" for each city, town, and fire
27 protection district shall be equal to the result of the "minimum percentage
28 covered" from subdivision (e)(6) of this section multiplied by subdivision
29 (e)(9) of this section.

30 (B) This "first allocation" shall be the greater of:

31 (i) The "first allocation" for the fire portion,
32 plus the "first allocation" for the police portion; or

33 (ii) The "first allocation" for the combined total.

34 (11) The results of subdivision (e)(10) of this section shall be
35 reduced, but not below zero, by the amount in the subsidy account of the
36 city, town, or fire protection district at the beginning of the calendar year

1 under subsection (f) of this section.

2 (12)(A) If the total premium tax revenue, as determined under
3 subsection (c) is less than the total allocated through subdivision (e)(11)
4 of this section, the total premium tax revenue shall be allocated prorata on
5 the amounts under subdivision (e)(10) of this section, so that the total
6 through subdivision (e)(11) of this section equals the amount determined
7 under subsection (c) of this section.

8 (B) If the total premium tax revenue, as determined under
9 subsection (c) is more than the total allocated through subdivision (e)(11)
10 of this section, the excess, not to exceed the total of amounts under
11 subdivision (e)(9) minus the amounts under (e)(10) of this section, shall be
12 allocated prorata on the excess, if any, of the amounts under subdivision
13 (e)(9) over the amounts under (e)(10) of this section.

14 (C) If the total premium tax revenue, as determined under
15 subsection (c) is more than the total allocated through subdivision (e)(11)
16 of this section, plus the amount allocated under subdivision (e)(12)(B) of
17 this section, the excess shall be allocated to the Future Supplement Fund-
18 Police or Future Supplement Fund-Fire under § 24-11-212.

19 (13) The total amount allocated to a city, town, or fire
20 protection district shall be the sum of amounts under subdivision (e)(11) and
21 subdivision (e)(12).

22 (14) However, a city covered under § 24-11-435 shall receive the
23 same dollar amount as it received in calendar year 2002.

24 (f)(1) The allocation in subdivision (e)(10) of this section is
25 reduced under subdivision (e)(11) of this section by the subsidy account for
26 each city, town, or fire protection district.

27 (2) The subsidy account for a city, town, or fire protection
28 district as of January 1, 2003 shall be determined by the Arkansas Fire and
29 Police Pension Review Board to be the excess, if any, of the total premium
30 tax for fire and police pension and relief funds allocated to the city, town,
31 or fire protection district in the calendar years 1997 through 2002, over the
32 sum of:

33 (A) The contributions paid to the Arkansas Local Police
34 and Fire Retirement System for calendar years 1997 through 2002; plus

35 (B) The amount of premium tax allocated to the local
36 pension and relief funds for 1997 through 2002; plus

1 (C) Any transfers from the "LOPFI subsidy account" to the
2 local pension and relief funds from 1997 through 2002.

3 (3) Beginning January 1, 2004 and each January 1 after, the
4 subsidy account for a city, town, or fire protection district shall be
5 determined by the Arkansas Fire and Police Pension Review Board to be:

6 (A) The subsidy account at the prior January 1st; plus

7 (B) The premium tax allocated in the prior calendar year;

8 minus

9 (C) The contributions paid to the Arkansas Local Police
10 and Fire Retirement System for the prior calendar year; minus

11 (D) The actuarial cost of the local pension and relief
12 funds for the prior calendar year;

13 (E) But, not less than zero (0).

14 (g)(1) There shall be allocated amounts to the Future Supplement Fund-
15 Fire and the Future Supplement Fund-Police under § 24-11-212 determined as
16 the amount under subsection (c) multiplied by the ratio of the number as
17 determined in subdivision (g)(1)(A) of this section to the number as
18 determined in subdivision (g)(1)(B) of this section as follows:

19 (A) The total number of active, retiree, and beneficiary
20 members of all of the fire or police pension and relief funds as of December
21 31, 2000, minus the total number of active, retiree, and beneficiary members
22 of all of the fire or police pension and relief funds as of the most recent
23 December 31; and

24 (B) The number of active, retiree, and beneficiary fire or
25 police members of the Arkansas Local Police and Fire Retirement System plus
26 the total number of active, retiree, and beneficiary members of all of the
27 fire or police pension and relief funds as of December 31, 2000.

28 (2) In the case of multiple beneficiaries of a single deceased
29 member, those beneficiaries shall be counted as one (1) for the purposes of
30 this subsection (g);

31 (3) In the case of paid service and volunteer service members in
32 one location, one (1) paid service member shall be equal to five (5)
33 volunteer service members for the purposes of this subsection (g).

34 (h)(1)(A) All cities, towns, and fire protection districts having fire
35 departments organized under §§ 24-11-801 – 24-11-807, 24-11-809, 24-11-813 –
36 24-11-815, and 24-11-818 – 24-11-821, and all cities and towns have police

1 departments organized under §§ 24-11-101 – 24-11-830 that have provided the
2 information required under § 24-11-213(d) and § 24-11-206 to the Arkansas
3 Fire and Police Pension Review Board and to the Arkansas Local Police and
4 Fire Retirement System shall qualify for participation in the revenues
5 distributed.

6 (B) Those cities, towns, and fire protection districts
7 that have not provided the required information shall not qualify for
8 participation in the revenues distributed.

9 (2) On or before June 15 of each calendar year after 2002, the
10 Arkansas Fire and Police Pension Review Board shall certify to the Department
11 of Finance and Administration the exact amount of tax revenues each city,
12 town, or fire protection district is entitled to receive for the calendar
13 year under this section.

14 (3)(A) The eligibility of the city, town, or fire protection
15 district shall be continuous for a ten-year period without recertification
16 unless otherwise directed by the board.

17 (B) The first year of implementation shall require a nine-
18 year cycle from June 15, 2001.

19 (C) Thereafter, each city, town, or fire protection
20 district shall resubmit the information required in subdivisions (a)(2) and
21 (3) of this section every ten (10) years beginning on December 15, 2010.

22 (i) All nonprofit corporations formed for fire protection purposes and
23 which participate in the Arkansas Local Police and Fire Retirement System
24 shall participate in the distribution of insurance premium tax revenues to
25 the same extent as other fire protection organizations under this section, §§
26 24-10-401 –24-10-409, 24-11-809, and 26-57-610, and any other laws providing
27 for the distribution of insurance premium tax moneys to fire protection
28 organizations.

29 (j)(1) There shall be no administrative fees charged to these entities
30 by the Arkansas Fire and Police Pension Review Board upon qualification.

31 (2) The board shall incur all administrative and actuarial costs
32 associated with obtaining the information required under this section.

33 (k)(1) The Arkansas Fire and Police Pension Review Board shall
34 establish a certain percentage of the insurance tax revenues to use to meet
35 its proper actuarial expenses and administrative costs incurred in obtaining
36 and evaluating the population information required § 24-11-213, but in no

1 event shall the board be entitled to more than one percent (1%) of the
2 Firemen's and Police Officers' Pension and Relief Fund as defined in § 24-11-
3 809(a)(2).

4 (2) This assessment shall be collected in addition to the
5 assessment provided in § 24-11-203(k)(5).

6 (3) This revenue shall also be used to provide the
7 administrative costs incurred in obtaining and evaluating the population
8 information for unqualified cities, towns, and fire protection districts.

9
10 24-11-215. Allocation of insurance premium tax – Special Provisions.

11 (a) Revenues distributed to the State of Arkansas as general revenue
12 are subject to the allocations in this section.

13 (b)(1) All taxes that are levied on insurers that are allocated to
14 general revenues under § 24-11-213 may be allocated to the Fire Protection
15 Premium Tax Fund and the Arkansas Fire and Police Pension Guarantee Fund and
16 then to general revenues.

17 (2)(A) For the 1999-2000 state fiscal year, six hundred thousand
18 dollars (\$600,000) of the fire portion of funds transferred to general
19 revenues under this section and § 24-11-213 shall be transferred to the Fire
20 Protection Premium Tax Fund.

21 (B) In all subsequent years fifty percent (50%) of the
22 percentage increase in the amount allocated to general revenues under this
23 section and § 24-11-213, using the dollar amount allocated in fiscal year
24 1999-2000 as the baseline, shall be transferred to the Fire Protection
25 Premium Tax Fund in addition to the six hundred thousand dollars (\$600,000)
26 per year, until the time that a cap of two million dollars (\$2,000,000)
27 annually is transferred to the Fire Protection Premium Tax Fund.

28 (C) Thereafter, the annual transfer shall be set at two
29 million dollars (\$2,000,000).

30 (3) Funds shall be distributed by the Chief Fiscal Officer of
31 the State to the Arkansas Fire and Police Pension Guarantee Fund upon the
32 recommendation of the Arkansas Fire and Police Pension Review Board in an
33 amount necessary to fund the priority categories defined by § 24-11-
34 209(e)(3)(A)-(D).

35 (4) Funds may be distributed by the Chief Fiscal Officer of the
36 State to the Arkansas Fire and Police Pension Guarantee Fund upon the

1 recommendation of the Arkansas Fire and Police Pension Review Board for plans
2 in the priority category defined by § 24-11-209(e)(3)(E).

3 (c) After transfers are made to cover funds distributed under
4 subsection (b) of this section and the portion of those premium taxes set
5 aside for transfer to the State Police Retirement Fund under § 24-6-209(b),
6 the Director of the Department of Finance and Administration is directed to
7 make annual transfers, from the police portion of the revenues, to the
8 Policemen's Pension Supplement Program Fund on or before July 25, 1999, and
9 each year thereafter as certified by the Arkansas Fire and Police Pension
10 Review Board on July 1 each year as the amount needed to pay the expenses of
11 and to make payments to the eligible retired police officers and survivors
12 under the Arkansas Policemen's Pension Supplement Program for the coming year
13 of the program.

14 (d) Fifty percent (50%) of the increase in the amount allocated to
15 general revenues under § 24-11-213, using the dollar amount allocated in
16 fiscal year 1999-2000 as the base amount, shall be transferred to the Future
17 Supplement Fund-Police under § 24-11-212.

18
19 SECTION 2. Arkansas Code § 24-11-301 is amended to read as follows:
20 24-11-301. Appropriation of tax revenues from foreign insurers.

21 (a)(1) Sixty-six and two-thirds percent (66 2/3%) of the total tax
22 revenues derived from premium taxes paid to the State of Arkansas by alien
23 and foreign insurance companies upon premiums collected by the insurance
24 companies upon insurance contracts written on motor vehicles, the licensed
25 addresses of which are qualified cities or towns wherein the motor vehicles
26 are insured against the perils of physical damage or the owner or operators
27 of the motor vehicles are insured against legal liability arising out of the
28 use, ownership, or operation of the motor vehicles, is appropriated and set
29 aside for the:

30 (A) Use and benefit of all duly qualified police officers'
31 pension and relief funds;

32 (B) Administrative and actuarial expenses of the Arkansas
33 Fire and Police Pension Review Board;

34 (C) Arkansas Fire and Police Pension Guarantee Fund; and

35 (D) Arkansas Policemen's Pension Supplement Program.

36 (2) The premium taxes collected in this subsection shall be

1 placed in a fund combined with the premium taxes collected pursuant to § 24-
2 11-809. The combined fund shall be entitled the "Firemen's and Police
3 Officers' Pension and Relief Fund".

4 ~~(3)(A)(i) The remaining revenues collected pursuant to §§ 23-60-~~
5 ~~102, 24-11-301, 24-11-302, 24-11-809, 24-11-810, 26-57-601-26-57-605, and~~
6 ~~26-57-607 shall be distributed to the Firemen's and Police Officers' Pension~~
7 ~~and Relief Fund and to the State of Arkansas as general revenues.~~

8 ~~(ii) Revenues distributed to the State of Arkansas~~
9 ~~as general revenues are subject to the allocations enumerated in § 24-11-~~
10 ~~302(f).~~

11 ~~(B) The revenues shall be distributed in such a manner~~
12 ~~that the Firemen's and Police Officers' Pension and Relief Fund and the~~
13 ~~general revenue fund will each receive distributions of no less than they~~
14 ~~received in fiscal year 1999, except that:~~

15 ~~(i) If the revenues to be distributed in a~~
16 ~~subsequent year are less than the revenues distributed in 1999, then the~~
17 ~~distributions to each shall be reduced proportionately; and~~

18 ~~(ii) If additional police departments become~~
19 ~~eligible for distributions from the Firemen's and Police Officers' Pension~~
20 ~~and Relief Fund, the base amount for the state shall be reduced in proportion~~
21 ~~to the population in the area served by the police department to the portion~~
22 ~~of the population of the state not covered by a police department receiving a~~
23 ~~distribution from the fund.~~

24 ~~(C) Except as provided in subdivision (a)(3)(B) of this~~
25 ~~section, the portion distributed to the Firemen's and Police Officers'~~
26 ~~Pension and Relief Fund shall be based on the ratio percentage of the total~~
27 ~~population of the cities or towns qualified to participate in the fund in~~
28 ~~comparison to the total population of the State of Arkansas. The remaining~~
29 ~~percentage shall be distributed to the General Revenue Fund of the State of~~
30 ~~Arkansas.~~

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

33 ~~(e) The payment for the administrative and actuarial expenses of the~~
34 ~~Arkansas Fire and Police Pension Review Board shall be made prior to the~~
35 ~~disbursements to the eligible political subdivisions.~~

36

1 SECTION 3. Arkansas Code § 24-11-809 is amended to read as follows:

2 24-11-809. Apportionment of insurance premium tax generally.

3 (a)(1) There is apportioned and set aside for the use and benefit of
4 duly constituted firemen's relief and pension funds and for the
5 administrative and actuarial expenses of the Arkansas Fire and Police Pension
6 Review Board and the Arkansas Fire and Police Pension Guarantee Fund the
7 annual taxes of two and one-half percent (2.5%) on all foreign and alien
8 premiums collected by all property and casualty insurance companies,
9 corporations, or associations incorporated under the laws of any state or
10 nation and doing business in the State of Arkansas, after all cancellations
11 and dividends to policyholders are deducted as provided by §§ 23-60-102, 24-
12 11-809, 26-57-601 - 26-57-605, and 26-57-607, upon real and personal property
13 insured against the perils of fire and extended coverage, tornado, windstorm,
14 cyclone, and hail, except upon growing crops, and located in or at cities,
15 towns, and fire protection districts in the State of Arkansas coming within
16 the provisions of this act.

17 (2) The premium taxes collected in this subsection shall be
18 placed in a fund combined with the premium taxes collected pursuant to § 24-
19 11-301. The combined fund shall be entitled the "Firemen's and Police
20 Officers' Pension and Relief Fund".

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
31 (15%).

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

36 ~~(B) The commissioner shall require the companies to report~~

1 ~~at the time of making his or her annual statements the amount of premiums~~
2 ~~received and the amount of taxes paid by the companies during the year ending~~
3 ~~December 31 upon real and personal property insured against the perils~~
4 ~~recited in each and all of the several cities, towns, and fire protection~~
5 ~~districts named in his or her report.~~

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

15 ~~(3)(A) All taxes that are levied on insurers that are allocated~~
16 ~~to general revenues under this section may be allocated to the Fire~~
17 ~~Protection Premium Tax Fund and the Arkansas Fire and Police Pension~~
18 ~~Guarantee Fund and then to general revenues.~~

19 ~~(B) For the 1999-2000 state fiscal year, six hundred~~
20 ~~thousand dollars (\$600,000) of the funds transferred to general revenues~~
21 ~~pursuant to this section and § 24-11-810 shall be transferred to the Fire~~
22 ~~Protection Premium Tax Fund and in all subsequent years fifty percent (50%)~~
23 ~~of the percentage increase in the amount allocated to general revenues under~~
24 ~~this section and § 24-11-810, using the dollar amount allocated in fiscal~~
25 ~~year 1999-2000 as the baseline, shall be transferred to the Fire Protection~~
26 ~~Premium Tax Fund in addition to the six hundred thousand dollars (\$600,000)~~
27 ~~per year, until such time that a cap of two million dollars (\$2,000,000)~~
28 ~~annually is transferred to the Fire Protection Premium Tax Fund. Thereafter,~~
29 ~~the annual transfer shall be set at two million dollars (\$2,000,000).~~

30 ~~(C) Funds shall be distributed by the Chief Fiscal Officer~~
31 ~~of the State to the Arkansas Fire and Police Pension Guarantee Fund upon the~~
32 ~~recommendation of the Arkansas Fire and Police Pension Review Board in an~~
33 ~~amount necessary to fund the priority categories defined by § 24-11-~~
34 ~~209(e)(3)(A)-(D).~~

35 ~~(D) Funds may be distributed by the Chief Fiscal Officer~~
36 ~~of the State to the Arkansas Fire and Police Pension Guarantee Fund upon the~~

1 ~~recommendation of the Arkansas Fire and Police Pension Review Board for plans~~
 2 ~~in the priority category defined by § 24-11-209(e)(3)(E).~~

3 ~~(4) The payment for the administrative and actuarial expenses of~~
 4 ~~the Arkansas Fire and Police Pension Review Board shall be made prior to the~~
 5 ~~disbursements to the eligible political subdivisions.~~

6 (c) All additional revenues collected as a result of the levy of the
 7 insurance premium tax on domestic insurers, other than for premiums or
 8 copayments for life, disability, legal, wet marine, and foreign trade, and
 9 health maintenance organization insurance or contracts shall be special
 10 revenues and shall be apportioned and remitted to the Firemen's and Police
 11 Officers' Pension and Relief Fund.

12
 13 SECTION 4. Arkansas Code § 24-10-409 is amended to read as follows:

14 24-10-409. Proration of state revenues between political subdivision
 15 and its relief fund.

16 (a) For each political subdivision with a relief fund in effect, the
 17 relief fund has been receiving revenues from the state derived from the taxes
 18 levied on foreign and domestic insurers by § 23-60-101 et seq., and §§ 24-11-
 19 301, - 24-11-303, 24-11-801 - 24-11-807, 24-11-809, ~~24-11-810~~, 24-11-813 -
 20 24-11-816, and 24-11-818 - 24-11-821, 26-57-601 - 26-57-605, and 26-57-607 or
 21 any other state funds designated for support of fire and police retirement
 22 programs in political subdivisions.

23 (b)(1)(A) Those state revenues shall be prorated between the relief
 24 fund and the political subdivision, based upon the total number of members,
 25 active and retired, and beneficiaries covered by the relief fund and by the
 26 Arkansas Local Police and Fire Retirement System.

27 (B) However, the amount allocated to the political
 28 subdivision shall not exceed one hundred percent (100%) of the cost as
 29 calculated under § 24-11-214(e)(8).

30 (2) In the case of multiple beneficiaries of a single deceased
 31 member, those individuals shall be counted as one (1) for purposes of this
 32 section.

33 (c) If there is a mixture of employees acquiring paid service and
 34 employees acquiring volunteer service, one (1) paid service employee shall be
 35 equal to five (5) volunteer service employees for prorating purposes.

36 (d) Each political subdivision without a relief fund in effect July 1,

1 1981, which subsequently covers its fire or police department under the
2 system shall also receive insurance revenues.

3 (e) All moneys so received by the political subdivisions shall be
4 applied to the employer contribution required to support this system.
5 ~~However, if the governing body of any political subdivision determines that~~
6 ~~the required employer contribution is less than the amount of moneys so~~
7 ~~received during the year, the governing body may transfer any or all of the~~
8 ~~excess moneys to their police pension funds or fire pension funds, or both,~~
9 ~~in whatever amount deemed appropriate.~~

10
11 SECTION 5. Arkansas Code § 24-11-302 is repealed.

12 ~~24-11-302. Cities and towns qualified to participate—Reports.~~

13 ~~(a) Each city or town having a police officers' pension and relief~~
14 ~~fund that is organized pursuant to any existing statute of this state and~~
15 ~~each city or town that covers its police department under the Arkansas Local~~
16 ~~Police and Fire Retirement System shall be qualified to participate in the~~
17 ~~distribution of the funds described and appropriated by this subchapter.~~

18 ~~(b) The allocation of funds to each qualified city or town pursuant to~~
19 ~~§ 24-11-301 shall be subject to the following conditions:~~

20 ~~(1) Each calendar year the Arkansas Fire and Police Pension~~
21 ~~Review Board shall review its previous calendar year distribution of funds to~~
22 ~~each qualified city or town prior to disbursement to each of these qualified~~
23 ~~areas. This review shall comply with subdivisions (d)(4) and (5) of this~~
24 ~~section;~~

25 ~~(2) The certification of any new city or town to participate in~~
26 ~~the Firemen's and Police Officers' Pension and Relief Fund shall be~~
27 ~~considered in the board's assessment each calendar year of the allocation of~~
28 ~~the disbursement of the funds pursuant to subdivisions (d)(4) and (5) of this~~
29 ~~section; and~~

30 ~~(3) Any change in the legal description of any city or town will~~
31 ~~be considered in the board's assessment each calendar year. Any changes shall~~
32 ~~be reported to the board by December 15 of each calendar year. The associated~~
33 ~~population change caused by a change in legal description shall also be~~
34 ~~considered.~~

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

1 ~~with this section shall be allocated to each qualified city or town in a~~
2 ~~proportion 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 physical~~
5 ~~features of the area. If the legal description cannot be based on standard~~
6 ~~physical features, a Global Positioning System survey shall be conducted to~~
7 ~~determine the boundaries;~~

8 ~~(B) The preferred description of the area will be based on~~
9 ~~standard physical features. Each local department shall change the~~
10 ~~department's description of metes and bounds to the standard physical~~
11 ~~features' description; and~~

12 ~~(C) A census population assessment in the city or town.~~

13 ~~(2)(A) The mayor or other qualified representative of each city~~
14 ~~or town shall certify to the board the accuracy of the metes and bounds legal~~
15 ~~description of the area.~~

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

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

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

29 ~~(i) The legal description of the metes and bounds~~
30 ~~shall be considered as forty percent (40%) of the calculation; and~~

31 ~~(ii) The population of the area shall be considered~~
32 ~~as sixty percent (60%) of the calculation.~~

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

36 ~~(C) The amount allocated to each location shall be reduced~~

1 ~~by the amount defined in this subdivision (e)(3)(G) for the Future Supplement~~
2 ~~Fund Police under § 24-11-212. The amount allocated to the Future Supplement~~
3 ~~Fund Police is the amount allocated to a location in this subsection~~
4 ~~multiplied by the ratio of the number as determined in subdivision~~
5 ~~(e)(3)(G)(i) of this section to the number as determined in subdivision~~
6 ~~(e)(3)(G)(ii) of this section as follows:~~

7 ~~(i) The number of active, retiree, and beneficiary~~
8 ~~members of the pension and relief fund as of December 31, 2000, minus the~~
9 ~~number of active, retiree, and beneficiary members of the pension and relief~~
10 ~~fund as of the most recent December 31; and~~

11 ~~(ii) The number of active, retiree, and beneficiary~~
12 ~~members of the Arkansas Local Police and Fire Retirement System plus the~~
13 ~~number of active, retiree, and beneficiary members of the pension and relief~~
14 ~~fund as of December 31, 2000;~~

15 ~~(iii) In the case of multiple beneficiaries of a~~
16 ~~single deceased member, those beneficiaries shall be counted as one (1) for~~
17 ~~the purposes of this subdivision (e)(3)(G);~~

18 ~~(iv) In the case of paid service and volunteer~~
19 ~~service members in one location, one (1) paid service member shall be equal~~
20 ~~to five (5) volunteer service members for the purposes of this subdivision~~
21 ~~(e)(3)(G).~~

22 ~~(d)(1) All cities, towns, or fire protection districts participating~~
23 ~~in the Firemen's and Police Officers' Pension and Relief Fund as of April 15,~~
24 ~~1999, shall receive at least seventy-five percent (75%) of its current level~~
25 ~~of premium tax distributions upon conversion to the distribution method~~
26 ~~prescribed in subsection (e) of this section. This threshold percentage may~~
27 ~~be used as a phase-in tool by the board to accommodate the conversion of~~
28 ~~distribution of a period of five (5) years from April 15, 1999. The~~
29 ~~distribution of these funds shall be subject to subsection (b) of this~~
30 ~~section.~~

31 ~~(2) All cities and towns having police departments organized~~
32 ~~pursuant to §§ 24-11-101—24-11-830 that have provided the information~~
33 ~~required in subsection (e) of this section to the board shall qualify for~~
34 ~~participation in the distribution of premium taxes for the Firemen's and~~
35 ~~Police Officers' Pension and Relief Fund under the board.~~

36 ~~(3) On or before December 15, 1985, of each calendar year until~~

1 ~~the year 2000, the board shall certify to the Insurance Commissioner those~~
2 ~~cities and towns that have organized police departments qualified to~~
3 ~~participate in the distribution of premium taxes described by §§ 24-11-301—~~
4 ~~24-11-830.~~

5 ~~(4) On or before June 15, 2001, the board shall certify to the~~
6 ~~Department of Finance and Administration those cities and towns that qualify~~
7 ~~for distribution of premium taxes collected under §§ 23-60-102, 24-11-301,~~
8 ~~24-11-302, 26-57-601—26-57-605, and 26-57-607 for the 2000 tax year~~
9 ~~pursuant to the amended section determining qualification based on metes and~~
10 ~~bounds and population of the area. Certification shall be provided to the~~
11 ~~Department of Finance and Administration on all entities participating in the~~
12 ~~pension plan, including, but not limited to, those entities participating~~
13 ~~prior to April 15, 1999.~~

14 ~~(5) On or before June 15, 2001, the board shall certify to the~~
15 ~~department the exact amount of tax revenues each city and town is entitled to~~
16 ~~receive for the calendar year in which coverage began pursuant to subsection~~
17 ~~(e) of this section. Such information shall be provided each calendar year~~
18 ~~thereafter on or before June 15.~~

19 ~~(6) The eligibility of the cities or towns shall be continuous~~
20 ~~for a ten year period without recertification unless otherwise directed by~~
21 ~~the board. The first year of implementation shall require a nine year cycle~~
22 ~~from June 15, 2001. Thereafter each city or town shall resubmit the~~
23 ~~information required in subsection (e) of this section every ten (10) years~~
24 ~~beginning on December 15, 2010.~~

25 ~~(e) The Arkansas Fire and Police Pension Review Board created by § 24-~~
26 ~~11-203 is directed, and it shall be its duty, to identify those cities and~~
27 ~~towns to certify them to the Insurance Commissioner on or before December 15~~
28 ~~of each calendar year until the year 2000, indicating that they are qualified~~
29 ~~to participate in the distribution of those funds described and appropriated~~
30 ~~by this subchapter. Subsequent to the year 2000, for each political~~
31 ~~subdivision that covers a police department under the Arkansas Local Police~~
32 ~~and Fire Retirement System, the board shall certify eligibility for the tax~~
33 ~~moneys to the department on or before December 15 of the calendar year.~~

34 ~~(f)(1) All taxes that are levied on insurers that are allocated to~~
35 ~~general revenues under § 24-11-301(a)(3) shall first be allocated to the~~
36 ~~Arkansas Fire and Police Pension Guarantee Fund and next to the Policemen's~~

1 ~~Pension Supplement Program Fund as provided for in subdivision (f)(4) of this~~
2 ~~section and then to general revenues.~~

3 ~~(2) Funds shall be distributed by the Chief Fiscal Officer of~~
4 ~~the State to the Arkansas Fire and Police Pension Guarantee Fund upon the~~
5 ~~recommendation of the Arkansas Fire and Police Pension Review Board in an~~
6 ~~amount necessary to fund the priority categories defined by § 24-11-~~
7 ~~209(e)(3)(A)-(D).~~

8 ~~(3) Funds may be distributed by the Chief Fiscal Officer of the~~
9 ~~State to the Arkansas Fire and Police Pension Guarantee Fund upon the~~
10 ~~recommendation of the Arkansas Fire and Police Pension Review Board for plans~~
11 ~~in the priority category defined by § 24-11-209(e)(3)(E).~~

12 ~~(4) After transfers are made to cover funds distributed under~~
13 ~~subdivisions (f)(2) and (3) of this section and the portion of those premium~~
14 ~~taxes set aside for transfer to the State Police Retirement Fund under § 24-~~
15 ~~6-209(b), the Director of the Department of Finance and Administration is~~
16 ~~directed to make annual transfers to the Policemen's Pension Supplement~~
17 ~~Program Fund on or before July 25, 1999, and each year thereafter as~~
18 ~~certified by the Arkansas Fire and Police Pension Review Board on July 1 each~~
19 ~~year as the amount needed to pay the expenses of and to make payments to the~~
20 ~~eligible retired police officers and survivors under the Arkansas Policemen's~~
21 ~~Pension Supplement Program for the coming year of the program.~~

22 ~~(5) Fifty percent (50%) of the increase in the amount allocated~~
23 ~~to general revenues under this section, using the dollar amount allocated in~~
24 ~~fiscal year 1999-2000 as the base amount, shall be transferred to the Future~~
25 ~~Supplement Fund Police under § 24-11-212.~~

26
27 SECTION 6. Arkansas Code § 24-11-810 is repealed.

28 ~~24-11-810. Allocation of insurance premium tax—Apportionment.~~

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

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

5 ~~(B) The revenues shall be distributed in such a manner~~
6 ~~that the Firemen's and Police Officers' Relief and Pension Fund and the~~
7 ~~general revenue fund will each receive distributions of no less than they~~
8 ~~received in calendar year 1999, except that:~~

9 ~~(i) If the revenues to be distributed in a~~
10 ~~subsequent year are less than the revenues distributed in 1999, then the~~
11 ~~distributions to each shall be reduced proportionately; and~~

12 ~~(ii) If additional fire departments become eligible~~
13 ~~for distributions from the Firemen's and Police Officers' Relief and Pension~~
14 ~~Fund, the base amount for the state shall be reduced in proportion to the~~
15 ~~population in the area served by the fire department to the portion of the~~
16 ~~population of the state not covered by a fire department receiving a~~
17 ~~distribution from the fund.~~

18 ~~(C) Except as provided in subdivision (a)(2)(B) of this~~
19 ~~section, the portion distributed to the Firemen's and Police Officers' Relief~~
20 ~~and Pension Fund shall be based on the ratio percentage of the total~~
21 ~~population of the cities, towns, or fire protection districts qualified to~~
22 ~~participate in the fund in comparison to the total population of the State of~~
23 ~~Arkansas. The remaining percentage shall be distributed to the State of~~
24 ~~Arkansas' General Revenue Fund.~~

25 ~~(D) The allocation of funds to each qualified city, town,~~
26 ~~or fire protection district pursuant to subdivisions (a)(3)-(5) of this~~
27 ~~section shall be subject to the following conditions:~~

28 ~~(i) Each calendar year the Arkansas Fire and Police~~
29 ~~Pension Review Board shall review its previous calendar year distribution of~~
30 ~~funds to each qualified city, town, or fire protection district prior to~~
31 ~~disbursement to each of these qualified areas. This review shall comply with~~
32 ~~subdivision (b)(5) of this section;~~

33 ~~(ii) The certification of any new city, town, or~~
34 ~~fire protection district to participate in the Firemen's and Police Officers'~~
35 ~~Relief and Pension Fund shall be considered in the board's assessment each~~
36 ~~calendar year of the allocation of the disbursement of the funds pursuant to~~

1 ~~subdivision (b)(5) of this section; and~~

2 ~~(iii) Any change in the legal description of any~~
3 ~~city, town, or fire protection district will be considered in the board's~~
4 ~~assessment each year. Any changes shall be reported to the board by December~~
5 ~~15 of each calendar year. The associated population change caused by the~~
6 ~~change in legal description shall also be considered.~~

7 ~~(3) The revenues collected pursuant to §§ 23-60-102, 24-11-809,~~
8 ~~26-57-601—26-57-605, and 26-57-607 and distribution in accordance with~~
9 ~~subsection (a) of this section shall be allocated to each qualified city,~~
10 ~~town, or fire protection district in a proportion determined by evaluation of~~
11 ~~the following factors:~~

12 ~~(A) The legal description of the metes and bounds of the~~
13 ~~city, town, or fire protection district. The legal description shall be based~~
14 ~~on standard physical features of the area. If the legal description cannot be~~
15 ~~based on standard physical features, a Global Positioning System survey shall~~
16 ~~be conducted to determine the boundaries;~~

17 ~~(B) The preferred description of the area will be based on~~
18 ~~standard physical features. Each local department shall change the~~
19 ~~department's description of metes and bounds to the standard physical~~
20 ~~features' description. If the local chief cannot agree on a standard physical~~
21 ~~features' description, the county quorum court will make the decision; and~~

22 ~~(C) A census population assessment in the city, town, or~~
23 ~~fire protection district.~~

24 ~~(4)(A) The mayor or other qualified representative of each city~~
25 ~~or town or county fire coordinator for a rural fire protection district shall~~
26 ~~certify to the board the accuracy of the metes and bounds legal description~~
27 ~~of the area.~~

28 ~~(B) The metes and bounds legal description shall be~~
29 ~~determined by a surveyor licensed in the State of Arkansas, a preexisting map~~
30 ~~held by the city, town, or fire protection district, or by the Institute for~~
31 ~~Economic Advancement at the College of Business Administration at the~~
32 ~~University of Arkansas at Little Rock's Geographic Information Systems Lab;~~
33 ~~and~~

34 ~~(C) The population of the area shall be determined by the~~
35 ~~Census State Data Center at the Institute for Economic Advancement at the~~
36 ~~College of Business Administration at the University of Arkansas at Little~~

1 ~~Rock's Geographic Information Systems Lab.~~

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

6 ~~(i) The legal description of the metes and bounds~~
7 ~~shall be considered as forty percent (40%) of the calculation; and~~

8 ~~(ii) The population of the area shall be considered~~
9 ~~as sixty percent (60%) of the calculation.~~

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

13 ~~(C) The amount allocated to each location shall be reduced~~
14 ~~by the amount defined in this subdivision (a)(5)(C) for the Future Supplement~~
15 ~~Fund Fire under § 24-11-212. The amount allocated to the Future Supplement~~
16 ~~Fund Fire is the amount allocated to a location in this subsection multiplied~~
17 ~~by the ratio of the number as determined in subdivision (a)(5)(C)(i) of this~~
18 ~~section to the number as determined in subdivision (a)(5)(C)(ii) of this~~
19 ~~section as follows:~~

20 ~~(i) The number of active, retiree, and beneficiary~~
21 ~~members of the pension and relief fund as of December 31, 2000, minus the~~
22 ~~number of active, retiree, and beneficiary members of the pension and relief~~
23 ~~fund as of the most recent December 31; and~~

24 ~~(ii) The number of active, retiree, and beneficiary~~
25 ~~members of the Arkansas Local Police and Fire Retirement System plus the~~
26 ~~number of active, retiree, and beneficiary members of the pension and relief~~
27 ~~fund as of December 31, 2000;~~

28 ~~(iii) In the case of multiple beneficiaries of a~~
29 ~~single deceased member, those beneficiaries shall be counted as one (1) for~~
30 ~~the purposes of this subdivision (a)(5)(C);~~

31 ~~(iv) In the case of paid service and volunteer~~
32 ~~service members in one location, one (1) paid service member shall be equal~~
33 ~~to five (5) volunteer service members for the purposes of this subdivision~~
34 ~~(a)(5)(C).~~

35 ~~(b)(1) All cities, towns, and fire protection districts participating~~
36 ~~in the Firemen's and Police Officers' Relief and Pension Fund as of April 15,~~

1 ~~1999, shall receive at least seventy-five percent (75%) of its current level~~
2 ~~of premium tax distributions upon conversion to the distribution method~~
3 ~~prescribed in subsections (a) and (b) of this section. This threshold~~
4 ~~percentage may be used as a phase-in tool by the Arkansas Fire and Police~~
5 ~~Pension Review Board to accommodate the conversion of distribution for a~~
6 ~~period of five (5) years from April 15, 1999. The distribution of these funds~~
7 ~~shall be subject to subsection (a) of this section.~~

8 ~~(2) All cities, towns, and fire protection districts having fire~~
9 ~~departments organized pursuant to §§ 24-11-801—24-11-807, 24-11-809, 24-11-~~
10 ~~810, 24-11-813—24-11-815, and 24-11-818—24-11-821, that have provided the~~
11 ~~information required in subdivision (a)(3) of this section to the Arkansas~~
12 ~~Fire and Police Pension Review Board shall qualify for participation in the~~
13 ~~taxes distributed for firemen's relief and pension funds under the Arkansas~~
14 ~~Fire and Police Pension Review Board.~~

15 ~~(3) On or before December 15 of each calendar year until the~~
16 ~~year 2000, the Arkansas Fire and Police Pension Review Board shall certify to~~
17 ~~the Insurance Commissioner those cities, towns, and fire protection districts~~
18 ~~which have organized fire departments qualified to participate in the taxes~~
19 ~~described by §§ 24-11-801—24-11-807, 24-11-809, 24-11-810, 24-11-813—24-~~
20 ~~11-815, and 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 protection districts that~~
24 ~~qualify for distribution of premium taxes collected under §§ 23-60-102, 24-~~
25 ~~11-809, 26-57-601—26-57-605, and 26-57-607 for the 2000 tax year pursuant~~
26 ~~to the amended section determining qualification based on metes and bounds~~
27 ~~and population of the area. Certification shall be provided to the Department~~
28 ~~of Finance and Administration on all entities participating in the pension~~
29 ~~plan, including, but not limited to, those entities participating prior to~~
30 ~~the 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 subdivisions (a)(2), (a)(3), and (b)(1) of this~~
36 ~~section. Such information shall be provided each calendar year thereafter on~~

1 ~~or before June 15.~~

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

9 ~~(c) Each city, town, and fire protection district having a fire~~
10 ~~department qualified by either the Arkansas Fire and Police Pension Review~~
11 ~~Board or the Board of Trustees of the Arkansas Local Police and Fire~~
12 ~~Retirement System shall be entitled to receive that portion of the tax~~
13 ~~described and levied by §§ 24-11-801—24-11-807, 24-11-809, 24-11-810, 24-~~
14 ~~11-813—24-11-815, and 24-11-818—24-11-821 that is collected during the~~
15 ~~forthcoming calendar year.~~

16 ~~(d)(1) It shall be the duty of the commissioner to keep a separate~~
17 ~~account of the tax paid by various insurance companies as provided by this~~
18 ~~act.~~

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

22 ~~(3) As soon as the commissioner prepares the report showing the~~
23 ~~amount of tax due each city, town, or fire protection district as provided in~~
24 ~~this section, he or she shall issue a voucher to the Chief Fiscal Officer of~~
25 ~~the State in favor of the treasurer of each city, town, or fire protection~~
26 ~~district for the benefit of the Firemen's and Police Officers' Pension and~~
27 ~~Relief Fund or the Arkansas Local Police and Fire Retirement System for the~~
28 ~~amount of the moneys which each city, town, or fire protection district shall~~
29 ~~be entitled to receive as shown by the report of the commissioner and shall~~
30 ~~deliver the warrant to the treasurer. These amounts shall be paid from the~~
31 ~~annual appropriations made to the State Insurance Department for that~~
32 ~~purpose. As of December 15, 2000, the provisions of this subsection shall be~~
33 ~~superseded by subdivision (b)(5) of this section.~~

34 ~~(e) All nonprofit corporations formed for fire protection purposes and~~
35 ~~which participate in the Arkansas Local Police and Fire Retirement System~~
36 ~~created by § 24-10-101 et seq. shall participate in the distribution of~~

1 ~~insurance premium tax revenues to the same extent as other fire protection~~
2 ~~organizations under subsections (a), (b), and (c) of this section, §§ 24-10-~~
3 ~~401—24-10-409, 24-11-809, and 26-57-610, and any other laws providing for~~
4 ~~the distribution of insurance premium tax moneys to fire protection~~
5 ~~organizations.~~

6 ~~(f) There shall be no administrative fees charged to these entities by~~
7 ~~the Arkansas Fire and Police Pension Review Board upon qualification. The~~
8 ~~board shall incur all administrative and actuarial costs associated with~~
9 ~~obtaining the information required pursuant to this section.~~

10 ~~(g) The board shall establish a certain percentage of the insurance~~
11 ~~tax revenues to use to meet its proper actuarial expenses and administrative~~
12 ~~costs incurred in obtaining and evaluating the square mileage and population~~
13 ~~information required in subsections (a) and (b) of this section, but in no~~
14 ~~event shall the board be entitled to more than one percent (1%) of the~~
15 ~~Firemen's and Police Officers' Pension and Relief Fund as defined in § 24-11-~~
16 ~~809(a)(2). This assessment shall be collected in addition to the assessment~~
17 ~~provided in § 24-11-203(k)(5). This revenue shall also be used to provide the~~
18 ~~administrative costs incurred in obtaining and evaluating the square mileage~~
19 ~~and population information for unqualified cities, towns, and fire protection~~
20 ~~districts.~~

21
22 SECTION 7. EMERGENCY CLAUSE. It is found and determined by the
23 General Assembly of the State of Arkansas that premium tax distribution
24 formula is directing state revenues to areas without the need for priority
25 fire and police protection; that police and fire protection services are of
26 extreme importance in the protection of property values and individual lives;
27 that the distribution of premium tax revenues to the areas of the highest
28 need is a top priority; that implementation of a revised distribution formula
29 must be implemented at a precise time and before the normal time for the
30 effectiveness of other laws, and that they need to be effective at the
31 beginning of the fiscal year for state government. Therefore, an emergency
32 is declared to exist and this act being necessary for the preservation of the
33 public peace, health and safety shall become effective on July 1, 2003.

34
35 /s/ R. Smith
36