

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 86th General Assembly
3 Regular Session, 2007
4

As Engrossed: H3/5/07

A Bill

HOUSE BILL 1097

5 By: Representative Harris
6
7

For An Act To Be Entitled

9 AN ACT TO AMEND DEFINITIONS CONCERNING CERTAIN
10 RETIREMENT FUNDING ALLOCATIONS; AND FOR OTHER
11 PURPOSES.
12

Subtitle

14 TO AMEND DEFINITIONS CONCERNING CERTAIN
15 RETIREMENT FUNDING ALLOCATIONS.
16
17

18 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
19

20 *SECTION 1. Arkansas Code § 24-11-213 is amended to read as follows:*

21 *24-11-213. Allocation of insurance premium tax - Apportionments.*

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

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

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

29 *(2) The remaining revenues collected under §§ 23-60-102, 24-11-*
30 *301, 24-11-809, 26-57-601 - 26-57-605, and 26-57-607 shall be distributed to*
31 *the Firemen's and Police Officers' Pension and Relief Fund ~~and to the State~~*
32 *~~of Arkansas as general revenues.~~*

33 *(3) Revenues distributed to ~~the State of Arkansas as general~~*
34 *revenues the Firemen's and Police Officers' Pension and Relief Fund are*
35 *subject to the allocations under § 24-11-215, before distribution to the*
36 *locations under § 24-11-214.*



1 ~~(b) The revenues shall be distributed in a manner that the Firemen's~~
2 ~~and Police Officers' Pension and Relief Fund and the General Revenue Fund~~
3 ~~will each receive distributions of no less than they received in fiscal year~~
4 ~~1999, except that:~~

5 ~~(1) If the revenues to be distributed in a subsequent year are~~
6 ~~less than the revenues distributed in 1999, the distributions to each shall~~
7 ~~be reduced proportionately;~~

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

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

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

27 ~~(2) The remaining percentage shall be distributed to the General~~
28 ~~Revenue Fund.~~

29 ~~(d)(b)~~ The allocation of funds ~~between~~ to the Firemen's and Police
30 Officers' Pension and Relief Fund ~~and the General Revenue Fund~~ under this
31 section shall be subject to the following conditions:

32 (1) Each calendar year the Arkansas Fire and Police Pension
33 Review Board shall review its previous calendar year distribution of funds to
34 each qualified city, town, or fire protection district prior to disbursement
35 to each of these qualified areas in compliance with § 24-11-214(h);

36 (2) The certification of any new city, town, or fire protection

1 district to participate in the Firemen's and Police Officers' Pension and
2 Relief Fund shall be considered in the board's assessment each calendar year
3 of the allocation of the disbursement of the funds under § 24-11-214(h);

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

7 (B) Any changes shall be reported to the board by December
8 15 of each calendar year.

9 (C) The associated population change caused by the change
10 in legal description shall also be considered;

11 (4) The total population of the cities, towns, or fire
12 protection districts qualified to participate in the Firemen's and Police
13 Officers' Pension and Relief Fund will be determined by a census population
14 assessment in the city, town, or fire protection district;

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

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

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

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

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

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

33 (8) The metes and bounds legal description shall be determined
34 by a surveyor licensed in the State of Arkansas, by a preexisting map held by
35 the city, town, or fire protection district, or by the Institute for Economic
36 Advancement at the College of Business Administration at the University of

1 Arkansas at Little Rock's Geographic Information Systems Lab;

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

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

9
10 SECTION 2. Arkansas Code § 24-11-214(b), concerning allocation of
11 revenues, is amended to read as follows:

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

16 (2) The actuarial cost for a calendar year:

17 (A)(i) For a group that is a member of the Arkansas Local
18 Police and Fire Retirement System, shall equal that group's calculated
19 contribution rate, as defined in § 24-10-405, as of the beginning of that
20 calendar year multiplied by that group's estimated annual payroll as of the
21 beginning of that calendar year.

22 (ii) The group's actuarial cost under this section
23 shall be reduced by the group's estimated annual payroll as of the beginning
24 of that calendar year multiplied by one percent (1%) for the 2008 allocation,
25 two percent (2%) for the 2009 allocation, and three percent (3%) for
26 allocations after 2009.

27 ~~(ii)(iii)~~ However, for volunteer ~~firefighters~~
28 members the actuarial cost shall equal the group's per person cost, less the
29 mandatory employer per person cost, as of the beginning of that calendar year
30 multiplied by the number of volunteer ~~firefighters~~ members in that group as
31 of the beginning of that calendar year;

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

36 (C) Shall include the cost of any benefit enhancements

1 mandated by state law but shall not include any benefit enhancement that is
2 the result of local options or increases after January 1, 2003~~+~~; and

3 (D) Shall not include the cost of any benefit
4 enhancements, either mandated by state law or as a result of local options,
5 enacted after January 1, 2007.

6
7 SECTION 3. Arkansas Code § 24-11-214(d)(6), concerning minimum
8 percentage covered, is amended to read as follows:

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

11 (i) The calendar year 2002 percentage of costs
12 covered by premium tax; or

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

14 (B) This minimum percentage covered shall be determined
15 separately for the fire portion, for the police portion, and for the combined
16 total.

17 (C) The minimum percentage covered shall be a fixed
18 percentage and shall not change over time~~+~~.

19 (D) The minimum percentage covered for the volunteer
20 portion of the actuarial cost for a calendar year in the Arkansas Local
21 Police and Fire Retirement System shall be one hundred percent (100%);

22
23 SECTION 4. Arkansas Code § 24-11-215 is amended to read as follows:

24 24-11-215. Allocation of insurance premium tax - Special provisions.

25 (a) Revenues distributed to the ~~State of Arkansas as general revenue~~
26 Firemen's and Police Officers' Pension and Relief Fund are subject to the
27 allocations in this section.

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

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

36 (B) In all subsequent years ~~fifty percent (50%) of the~~

1 ~~percentage increase in the amount allocated to general revenues under this~~
2 ~~section and § 24-11-213(a), using the dollar amount allocated in fiscal year~~
3 ~~1999-2000 as the baseline, shall be transferred to the Fire Protection~~
4 ~~Premium Tax Fund in addition to the six hundred thousand dollars (\$600,000)~~
5 ~~per year until the time that a cap of two million dollars (\$2,000,000)~~
6 ~~annually is transferred to the Fire Protection Premium Tax Fund the~~
7 ~~allocation shall be increased by five percent (5%) per year, compounded~~
8 ~~annually until the cap of two million dollars (\$2,000,000) is transferred.~~

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

11 (3) Funds shall be distributed by the Chief Fiscal Officer of
12 the State to the Arkansas Fire and Police Pension Guarantee Fund upon the
13 recommendation of the Arkansas Fire and Police Pension Review Board in an
14 amount necessary to fund the priority categories defined by § 24-11-
15 209(e)(3)(A)-(D).

16 (4) Funds may be distributed by the Chief Fiscal Officer of the
17 State to the Arkansas Fire and Police Pension Guarantee Fund upon the
18 recommendation of the board for plans in the priority category defined by §
19 24-11-209(e)(3)(E).

20 (c)(1) After transfers are made to cover funds distributed under
21 subsection (b) of this section ~~and the portion of those premium taxes set~~
22 ~~aside for transfer~~, a transfer shall be made to the State Police Retirement
23 Fund under § 24-6-209(b), ~~the~~.

24 (2) The amount to be transferred shall not exceed one million
25 seven hundred thousand dollars (\$1,700,000).

26 (d) The Director of the Department of Finance and Administration ~~is~~
27 directed to shall then make annual transfers from the police portion of the
28 revenues to the Policemen's Pension Supplement Program Fund on or before July
29 25, 1999, and each year thereafter as certified by the board on July 1 each
30 year as the amount needed to pay the expenses of and to make payments to the
31 eligible retired police officers and survivors under the Arkansas Policemen's
32 Pension Supplement Program for the coming year of the program.

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

