

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: H2/21/07*

# A Bill

HOUSE BILL 1098

5 By: Representative Harris  
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## For An Act To Be Entitled

9 AN ACT CONCERNING THE ARKANSAS LOCAL POLICE AND  
10 FIRE RETIREMENT SYSTEM TO CHANGE THE UNIFORMED  
11 CONTRIBUTION RATE FOR VOLUNTEER LOCATIONS AND TO  
12 CHANGE THE AMOUNT OF PRIOR SERVICE RECOGNIZED FOR  
13 NEW VOLUNTEER DEPARTMENTS; AND FOR OTHER  
14 PURPOSES.

## Subtitle

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16 CONCERNING THE ARKANSAS LOCAL POLICE AND  
17 FIRE RETIREMENT SYSTEM TO CHANGE THE  
18 UNIFORMED CONTRIBUTION RATE FOR  
19 VOLUNTEER LOCATIONS AND TO CHANGE THE  
20 AMOUNT OF PRIOR SERVICE RECOGNIZED FOR  
21 NEW VOLUNTEER DEPARTMENTS.  
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25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:  
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27 *SECTION 1. Arkansas Code § 24-10-405 is amended to read as follows:*

28 *24-10-405. Employer accumulation account - Contributions.*

29 *(a) The employer accumulation account as created by this section shall*  
30 *be the account in which shall be accumulated the contributions made by*  
31 *employers for annuities and from which shall be made transfers as provided in*  
32 *this chapter.*

33 *(b) When paid to the Arkansas Local Police and Fire Retirement System,*  
34 *the employer contributions provided for in this section shall be credited to*  
35 *the employer accumulation fund account of the employer making the*  
36 *contributions.*



1           (c) When an annuity first becomes due and payable to or on behalf of a  
2 member, there shall be transferred to the retirement reserve account from his  
3 or her employer's account in the employer accumulation account the difference  
4 between the reserve for the annuity and the accumulated contributions  
5 standing to his or her credit in the members' deposit account at the time the  
6 annuity first becomes due and payable.

7           (d)(1) A separate account shall be maintained in the employer  
8 accumulation account for each employer.

9           (2) No paid service employer shall be responsible for the  
10 employer accumulation account liabilities of another paid service employer.

11           (e) Each paid service employer's contributions to the system shall be  
12 the total of the contribution amounts provided for in subsections (f) and (g)  
13 of this section, and the contributions shall be subject to the provisions of  
14 subsection (h) of this section.

15           (f)(1) For each paid service employer, the actuary shall annually  
16 compute the rate of contributions, expressed as a percent of active member  
17 pays, which will cover the benefit costs of its employees participating in  
18 the system.

19           (2) The actuarial valuation determining the contribution rate  
20 shall be based upon such financial assumptions as shall be established by the  
21 Board of Trustees of the Arkansas Local Police and Fire Retirement System  
22 after consulting with the actuary.

23           (3) The board shall annually certify to the governing body of  
24 each employer the contribution rate so determined, and each employer shall  
25 pay contributions based on that rate to the system during the employer's next  
26 fiscal year, which begins six (6) months or more after the date of the board  
27 certification.

28           (4) The payments shall be made in such manner and form, and in  
29 such frequency, and shall be accompanied by such supporting data, as the  
30 board shall determine.

31           (5) When received, the payments shall be credited to the  
32 employer's account in the employer accumulation account.

33           (g) Each employer shall provide its share as determined by the board  
34 of the administrative expenses of the system and shall pay that amount to the  
35 system to be credited to the income-expense account.

36           (h)(1) Except under subdivision (h)(2) of this section, the paid

1 service employer's total contributions to the system, expressed as a percent  
2 of active member pays, in any employer fiscal year beginning with the second  
3 fiscal year that the political subdivision is an employer shall not exceed  
4 its total contributions for the immediately preceding fiscal year, expressed  
5 as a percent of active member pays, by more than one percent (1%).

6 (2) However, an increase in the paid service employer's  
7 contributions to the system may exceed the limit of one percent (1%) per year  
8 imposed under subdivision (h)(1) of this section if the board certifies to  
9 the governing body of each paid service employer that the increase in the  
10 paid service employer's contribution rate is the direct result of increased  
11 benefit costs mandated by changes in the law made by ~~the Eighty-fourth~~  
12 ~~regular session~~ of the General Assembly.

13 (i)(1) For each volunteer service employer, the actuary shall annually  
14 compute the rate of contributions that will cover the benefit costs of its  
15 employees participating in the system as determined by policy established by  
16 the Board of Trustees of the Arkansas Local Police and Fire Retirement  
17 System.

18 (2) The actuarial valuation determination of the contribution  
19 rate shall be based upon financial assumptions established by the board  
20 following consultation with the actuary.

21 (3) The board shall certify annually to the governing body of  
22 each employer the determined contribution rate, and each employer shall pay  
23 contributions based on the determined rate to the system during the  
24 employer's next fiscal year that begins six (6) months or more from the date  
25 of the board certification.

26 (4) The board shall determine required supporting data and the  
27 manner, form, and frequency in which payments shall be made.

28 (5) The board shall establish necessary additional policies  
29 regarding volunteer service employers that are required to meet the financial  
30 objectives of the system under this subchapter.

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32 SECTION 2. EMERGENCY CLAUSE. It is found and determined by the  
33 General Assembly of the State of Arkansas that the Arkansas Local Police and  
34 Fire Retirement System laws concerning the uniformed contribution rate for  
35 volunteer locations and the amount of prior service recognized for new  
36 volunteer departments need to be updated to meet the financial objectives of

1 the system; that the sooner these changes are made, the sooner these  
2 locations and departments may reap the benefits of this act; and that this  
3 act is necessary because time is of the essence so the system may operate  
4 efficiently and equitably. Therefore, an emergency is declared to exist and  
5 this act being necessary for the preservation of the public peace, health,  
6 and safety shall become effective on:

7 (1) The date of its approval by the Governor;

8 (2) If the bill is neither approved nor vetoed by the Governor,  
9 the expiration of the period of time during which the Governor may veto the  
10 bill; or

11 (3) If the bill is vetoed by the Governor and the veto is  
12 overridden, the date the last house overrides the veto.

13 /s/ Harris  
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