

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: H1/30/07 H3/23/07

A Bill

HOUSE BILL 1162

5 By: Representatives T. Baker, Cornwell, Gaskill, Pierce, Pyle, Wagner, Walters
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For An Act To Be Entitled

9 AN ACT TO PROVIDE THAT CITY ALDERMEN WHO RECEIVE
10 COMPENSATION IN EXCESS OF REIMBURSEMENT EXPENSES
11 SHALL BE MEMBERS OF THE ARKANSAS PUBLIC
12 EMPLOYEES' RETIREMENT SYSTEM; TO ALLOW PURCHASED
13 CREDITED SERVICE FOR CERTAIN SERVICE OF CITY
14 ALDERMEN; AND FOR OTHER PURPOSES.
15

Subtitle

16 AN ACT TO PROVIDE THAT CERTAIN CITY
17 ALDERMEN SHALL BE MEMBERS OF THE
18 ARKANSAS PUBLIC EMPLOYEES' RETIREMENT
19 SYSTEM AND TO ALLOW PURCHASED CREDITED
20 SERVICE FOR CERTAIN SERVICE OF CITY
21 ALDERMEN.
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25 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
26

27 SECTION 1. Arkansas Code § 24-4-101(17), concerning the definition of
28 "employees" as applied to the Arkansas Public Employees' Retirement System,
29 is amended to read as follows:

30 (17)(A)(i)(a) "Employees" means all officers and employees of
31 any office, agency, board, commission, including the Department of Higher
32 Education, or department of a public employer whose compensations were or are
33 payable from funds appropriated by the public employer and all otherwise
34 eligible employees whose compensations were or are payable in whole or part
35 from federal funds, as well as the official court reporters and stenographers
36 of the circuit and chancery courts of the state and all of the prosecuting



1 attorneys of the judicial districts of Arkansas.

2 (b) In addition, effective July 1, 1983, ~~the~~
3 ~~term~~ "employees" shall include those persons who are eligible for benefits
4 from the Teachers Insurance and Annuity Association but who are otherwise
5 eligible for participation in the Arkansas Public Employees' Retirement
6 System due to employment with a public employer.

7 (ii) Any person who has previously been denied
8 coverage under the Arkansas Public Employees' Retirement System because the
9 person was or is paid from a grant instead of funds appropriated by the
10 public employer shall from July 1, 1991, become a member of the ~~system~~
11 Arkansas Public Employees' Retirement System if in an otherwise eligible
12 position due to being an employee of a public employer, and a member may at
13 his or her option receive credit for service rendered before that date as an
14 employee paid from a grant, subject to the following conditions:

15 (a) The member is a participating employee
16 covered under the Arkansas Public Employees' Retirement System at the time of
17 the purchase;

18 (b) The member furnishes proof in a form
19 required by the Arkansas Public Employees' Retirement System of the service
20 and compensation received;

21 (c) The member pays or causes to be paid all
22 employee contributions at the rate and on the compensation that would have
23 been paid had he or she been a member during that time, all employer
24 contributions based on the employer normal cost from the most recently
25 completed regular annual actuarial valuation and the compensation that would
26 have been paid had he or she been a member during that time, and regular
27 interest on the employee and employer contributions. The interest shall be
28 computed from the date the service was rendered to the date the payment is
29 received by the Arkansas Public Employees' Retirement System. The member may
30 purchase all of the service or any portion thereof in multiples of one (1)
31 year;

32 (d) The payment of funds shall be made in one
33 (1) lump sum; and

34 (e) Any person who, prior to the effectiveness
35 of this provision, has been removed from membership in the Arkansas Public
36 Employees' Retirement System because of eligibility for membership in a local

1 firemen's pension fund as a volunteer firefighter may restore the refunded
2 service and establish subsequent service by paying or causing to be paid to
3 the Arkansas Public Employees' Retirement System the refunded contributions
4 and the legally required contributions for subsequent service.

5 (B) Excepting members of the General Assembly and those
6 persons participating in a local firemen's pension fund because of their
7 status as volunteer firefighters and those persons who have dual full-time
8 employment in separate positions covered by the Arkansas Public Employees'
9 Retirement System and the Arkansas Local Police and Fire Retirement System
10 respectively, "employees" does not include persons who are members of any
11 other retirement system, excepting federal Social Security, which retirement
12 system is supported by state funds or is authorized by the laws of the state.
13 In addition, "employees" specifically does not include the following:

14 (i) Persons in the employ of the Department of
15 Arkansas State Police who are members of the State Police Retirement System;

16 (ii) Persons in the employ of the Department of
17 Education or the Arkansas Teacher Retirement System, except as otherwise
18 provided by law;

19 (iii) Persons in the employ of the University of
20 Arkansas or any other state-supported institution of higher learning, except
21 as otherwise provided by law;

22 (iv) Justices of the Supreme Court, judges of
23 circuit courts, or judges of chancery courts;

24 (v) Persons in the employ of the General Assembly
25 who are employed on a less than full-time regular annual salary basis, except
26 that any person who has served or who shall serve during at least six (6)
27 legislative sessions as Chief Clerk of the House of Representatives and who
28 has served in the employ of the General Assembly during at least twelve (12)
29 previous legislative sessions shall be eligible to receive credited service
30 in the Arkansas Public Employees' Retirement System for any period of
31 employment with the General Assembly since July 1, 1957, but only if the
32 employee is, or was, an active member of the ~~system~~ Arkansas Public
33 Employees' Retirement System with at least ten (10) years of credited service
34 and only if the employee pays or causes to be paid all employee contributions
35 at the rate and on the compensation that would have been paid had he or she
36 been a member of the ~~system~~ Arkansas Public Employees' Retirement System

1 during those periods of time, all employer contributions based on the
2 employer normal cost from the most recently completed regular annual
3 actuarial valuation and the compensation that would have been paid had he or
4 she been a member during those periods of time, and regular interest on the
5 employee and employer contributions computed from the date of service to the
6 date the payment is received by the ~~system~~ Arkansas Public Employees'
7 Retirement System;

8 (vi) Persons who are in the employ of the Arkansas
9 State Highway and Transportation Department;

10 (vii) Persons employed with the intent of working
11 less than ninety (90) calendar days;

12 (viii) Persons who are employed for a period of more
13 than ninety (90) consecutive calendar days but who do not qualify as full-
14 time employees shall be excluded from membership. A person shall be
15 considered a full-time employee if that person works at least eighty (80)
16 hours per month during a period of ninety (90) consecutive calendar days;

17 (ix) Persons whose rate of pay does not constitute
18 employment that is substantially gainful shall be excluded from membership.
19 A rate of pay less than the federal minimum wage for the year shall not be
20 considered employment that is substantially gainful;

21 (x) Persons who are first employed or those who are
22 reemployed as participants on or after July 1, 1979, under the Comprehensive
23 Employment and Training Act. However, those persons participating in the
24 program prior to July 1, 1979, shall continue to be members of the Arkansas
25 Public Employees' Retirement System while employed by a participating public
26 employer;

27 (xi) Any person previously denied coverage by the
28 Arkansas Public Employees' Retirement System because that person was eligible
29 for membership in but did not participate in another retirement system that
30 is supported by state funds or that is authorized by the laws of the state,
31 shall become a member of the Arkansas Public Employees' Retirement System
32 from the date of July 1, 1999, if in an otherwise eligible position due to
33 employment with a participating employer. Any person previously denied
34 coverage by the Arkansas Public Employees' Retirement System because that
35 person was eligible for or receiving benefits from another retirement system
36 supported by state funds or that is authorized by the laws of the state shall

1 become a member of the Arkansas Public Employees' Retirement System from the
2 date of July 1, 1999, if in an otherwise eligible position due to employment
3 with a participating employer. That person may receive, at the employee's
4 option, credit for service rendered to a participating public employer before
5 that date, subject to the following conditions:

6 (a) The member is a participating employee
7 covered under the Arkansas Public Employees' Retirement System at the time of
8 the purchase;

9 (b) The member furnishes proof in a form
10 required by the Arkansas Public Employees' Retirement System of the service
11 and compensation received;

12 (c) The member pays or causes to be paid all
13 employee contributions at the rate and on the compensation that would have
14 been paid had he or she been a member during that time, all employer
15 contributions based on the employer normal cost from the most recently
16 completed regular annual actuarial valuation and the compensation that would
17 have been paid had he or she been a member during that time, and regular
18 interest on the employee and employer contributions. The interest shall be
19 computed from the date the service was rendered to the date the payment is
20 received by the Arkansas Public Employees' Retirement System. The member may
21 purchase all of the service or any portion thereof in multiples of one (1)
22 year; and

23 (d) The payment of funds shall be made in one
24 (1) lump sum;

25 (xii) The surviving spouse of any person deemed
26 erroneously enrolled due to receipt of a benefit from another retirement
27 system supported by state funds or that is authorized by the laws of the
28 state but whose service had not been refunded at or before the date of death
29 shall be eligible to receive a benefit under the provisions of § 24-4-608,
30 provided that the person was an employee of the participating employer on the
31 date of death. The monthly annuity shall be payable on the first day of the
32 month following the month of application and shall be retroactive to the date
33 the benefit would have been otherwise payable as provided for in § 24-4-608;
34 and

35 (xiii) Any person previously denied coverage by the
36 Arkansas Public Employees' Retirement System because that person was employed

1 in dual full-time positions covered by the Arkansas Public Employees'
2 Retirement System and the Arkansas Local Police and Fire Retirement System,
3 respectively, shall become a member of both systems from and after the date
4 of July 1, 2001, if in otherwise eligible positions with participating
5 employers. The person may receive at the employee's option credit for
6 service rendered to a participating public employer before that date, subject
7 to the following conditions:

8 (a) The member is a participating employee
9 covered under the Arkansas Public Employees' Retirement System at the time of
10 the purchase;

11 (b) The member furnishes proof in a form
12 required by the Arkansas Public Employees' Retirement System of the service
13 and compensation received;

14 (c) The member pays or causes to be paid all
15 employee contributions at the rate and on the compensation that would have
16 been paid had the person been a member during that time, all employer
17 contributions based on the employer normal cost from the most recently
18 completed regular annual actuarial valuation and the compensation that would
19 have been paid had the person been a member during that time, and regular
20 interest on the employee and employer contributions. The interest shall be
21 computed from the date the service was rendered to the date the payment is
22 received by the Arkansas Public Employees' Retirement System. The member may
23 purchase all of the service or any portion thereof in multiples of one (1)
24 year; and

25 (d) The payment of funds shall be made in one
26 (1) lump sum.

27 (C) In any case of doubt as to who is an employee within
28 the meaning of this act, the board shall have the final power to decide the
29 question;

30 (D)(i) "Employees" includes a city alderman who:

31 (a) Is elected by a municipality that is a
32 participating public employer; and

33 (b) Receives compensation in excess of
34 reimbursement for actual expenses incurred in the performance of his or her
35 duties.

36 (ii) The provisions of subdivisions (17)(B)(viii)

1 and (iv) of this section shall not apply to city alderman qualified as
2 employees under subdivision (17)(D)(i) of this section.

3 (iii) Service as a city alderman shall be credited
4 at the rate of one (1) month for each month of service as a city alderman.

5
6 SECTION 2. Arkansas Code Title 24, Chapter 4, Subchapter 7 is amended
7 to add an additional section to read as follows:

8 24-4-750. Purchase of service as a city alderman.

9 (a) A member who has been elected to serve as a city alderman for a
10 participating public employer may purchase credited service for his or her
11 service as a city alderman if:

12 (1) The member has at least five (5) years of credited service
13 at the time of application;

14 (2) The member received compensation for his or her service as a
15 city alderman in excess of reimbursement for actual expenses; and

16 (3) The member pays to the member's deposit fund an amount equal
17 to the actuarial present value of the credited service provided for under
18 this section based upon assumptions recommended by the actuary.

19 (b) A member shall not receive the credited service provided under
20 this section if the service is also used to establish entitlement to or the
21 amount of any other benefit to be paid by any federal, state, or local
22 governmental entity, except a benefit under the federal Social Security Act.

23 (c) The credited service provided under this section is subject to any
24 applicable limits under the Internal Revenue Code of 1987, as it existed on
25 January 1, 2007.

26 (d) Credited service purchased under this section shall be credited to
27 the member at the rate of one (1) month for each month of service as a city
28 alderman.

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30 /s/ T. Baker, et al
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