

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: H2/2/07

A Bill

HOUSE BILL 1195

5 By: Representative Burris
6 By: Senator Glover
7
8

For An Act To Be Entitled

9 AN ACT CONCERNING RETIREMENT BENEFITS UNDER THE
10 STATE POLICE RETIREMENT SYSTEM; AND FOR OTHER
11 PURPOSES.
12

Subtitle

13 AN ACT CONCERNING RETIREMENT BENEFITS
14 UNDER THE STATE POLICE RETIREMENT
15 SYSTEM.
16
17
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19

20 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:
21

22 *SECTION 1. Arkansas Code § 24-6-204 is amended to read as follows:*
23 *24-6-204. Board of trustees.*

24 *(a)(1) The Board of Trustees of the State Police Retirement System is*
25 *created ~~and established~~.*

26 *(2)(A) ~~It~~ The board shall consist of ~~eleven (11)~~ twelve (12)*
27 *trustees, as follows:*

28 *(i) The Chair of the Arkansas State Police*
29 *Commission, who shall serve as trustee by virtue of his or her position;*

30 *(ii) The Director of the Department of Arkansas*
31 *State Police, who shall serve as trustee by virtue of his or her position;*

32 *(iii) The Director of the Department of Finance and*
33 *Administration or the director's designee from that department;*

34 *(iv) Five (5) members of the State Police Retirement*
35 *System to be elected by the members of the system with at least two (2)*
36 *member trustees holding the rank of trooper, trooper first class, or*



1 corporal, at least one (1) member trustee holding a rank higher than the rank
2 of corporal, and at least one (1) member trustee whose retirement eligibility
3 is covered under ~~the provisions of~~ § 24-6-401 et seq.;

4 (v) One (1) retired member of the system to be
5 elected by the members of the Retired Members Association; ~~and~~

6 (vi) The highest ranking administrative officer of
7 the system in charge of employee benefits or that officer's designee; and

8 ~~(vi)(vii)~~ The Vice Chair ~~Chair~~ of the Arkansas State
9 Police Commission and the Secretary of the Arkansas State Police Commission,
10 who shall serve as nonvoting members by virtue of their positions.

11 (B) The elections of member trustees shall be held under
12 ~~such rules and regulations~~ as the board shall from time to time adopt to
13 govern the elections.

14 (C) The regular term of office of a member trustee shall
15 be three (3) years.

16 (b)(1) In the event any trustee provided for in subdivisions
17 (a)(2)(A)(iv) and (v) of this section:

18 (A) Ceases to be a state police officer; or

19 (B) Fails to attend scheduled meetings of the board for
20 three (3) consecutive meetings unless, in each case, he or she is excused by
21 the remaining trustees attending the meetings,
22 the board by resolution shall declare his or her office of trustee vacated as
23 of the date of adoption of the resolution.

24 (2) If a vacancy occurs in the office of trustee, the vacancy
25 shall be filled for the unexpired term in the same manner as the office was
26 previously filled.

27 (c)(1) The administration, management, and control of the system shall
28 be vested in the board.

29 (2)(A) The executive director and administrative staff of the
30 Arkansas Public Employees' Retirement System shall be the executive secretary
31 and the administrative staff of the State Police Retirement System.

32 (B) All administrative records of the ~~Arkansas State~~
33 Police Retirement System shall be maintained within the administrative
34 offices of the Arkansas Public Employees' Retirement System.

35 (3)(A) The executive secretary shall be the disbursing agent of
36 all appropriations made by the General Assembly out of the State Police

1 Retirement Fund.

2 (B) The executive secretary shall furnish and file with
3 the Auditor of State a bond with a corporate guaranty or indemnity surety
4 thereon in the penal sum of two thousand dollars (\$2,000), the premium on
5 which shall be paid from appropriations made available to the Department of
6 Arkansas State Police.

7 (d) The Chair of the Arkansas State Police Commission shall be the
8 chair of the board.

9 (e) The Treasurer of State shall serve as treasurer of the system and
10 shall be the legal custodian of its funds.

11 (f) The Attorney General shall serve as legal advisor to the board.

12 (g)(1) The board shall hold meetings regularly, at least one (1) in
13 each quarter year, and shall designate the time and place of the meetings.

14 (2) Special meetings may be held in accordance with ~~such~~ rules
15 ~~and regulations~~ as the board shall adopt.

16 (3) Five (5) voting trustees shall constitute a quorum at any
17 meeting of the board, and at least five (5) concurring votes shall be
18 necessary for a decision by the board at any of its meetings.

19 (4) The board shall adopt its own rules or procedures and shall
20 keep a record of its proceedings, which shall be open to public inspection.

21 (h) In addition to ~~such~~ other duties ~~as~~ that are imposed upon the
22 board by this subchapter, the board shall:

23 (1) Make all rules and regulations from time to time as it shall
24 deem necessary in the transaction of its business and in administering the
25 system;

26 (2) Provide for the administrative direction and control of the
27 executive secretary in the performance of his or her duties as executive
28 secretary of the system;

29 (3) Provide for an actuarial valuation of the assets and
30 liabilities of the system or the retirement reserve account at least one (1)
31 time in each four-year period from and after December 31, 1958;

32 (4) Adopt ~~such~~ mortality and other tables of experience and
33 rates of regular interest ~~as shall be~~ that are required for the proper
34 operation of the system;

35 (5) Exercise discretionary power and authority in the
36 investments and disbursements of the funds of the system, subject to the

1 provisions of this subchapter;

2 (6) Perform the duties of trustee without additional
3 compensation ~~therefor~~. However, trustees may receive expense reimbursement in
4 accordance with § 25-16-901 et seq.; and

5 (7) Do all things necessary for the proper administration of the
6 system and for carrying out and making effective the provisions of this
7 subchapter.

8
9 SECTION 2. Arkansas Code § 24-6-209 is amended to read as follows:
10 24-6-209. Employer's contribution.

11 (a) The Department of Arkansas State Police, as employer, shall make
12 contributions to the State Police Retirement System of twenty-two percent
13 (22%) of active member payroll.

14 (b)(1) At the request of the Executive Secretary of the State Police
15 Retirement System, the Director of the Department of Finance and
16 Administration shall make annual transfers on each June 30 to the State
17 Police Retirement System from the remainder of insurance premium taxes
18 enumerated in § 19-6-301(27) before those taxes are transferred to ~~General~~
19 ~~Revenues~~ general revenues enumerated in § 19-6-201(19) the amounts of money
20 necessary to amortize the unfunded liabilities over a period not to exceed
21 thirty (30) years ~~for those members not covered by the provisions of § 24-6-~~
22 ~~401 et seq.~~

23 (2) These transfers are intended to cover the unfunded accrued
24 actuarial liabilities of the State Police Retirement System and shall not be
25 used for the purpose of providing any benefit enhancements for the State
26 Police Retirement System.

27 (3) Members of the ~~Tier One~~ State Police Retirement System shall
28 not be entitled to any benefit enhancements from these transfers unless funds
29 from sources other than insurance premium taxes are found to provide for the
30 retirement benefit enhancements.

31 (4) The amount of the transfer shall be determined by computing
32 the dollar amount required based on the actuarially determined employer rate
33 in the most recent annual actuarial valuation and subtracting from that
34 amount the statutory contribution amount specified in subsection (a) of this
35 section, ~~the court fees provided by Acts 1995, No. 1256,~~ and the driver's
36 license reinstatement fees provided by § 27-16-808.

1 ~~(c)(1) The intent of this section is to provide for funding of any~~
2 ~~amounts of unfunded accrued actuarial liabilities of the Tier One State~~
3 ~~Police Retirement Fund existing on June 30, 1997.~~

4 ~~(2)(5) These transfers shall be limited in use solely for the~~
5 ~~purpose of paying those the unfunded accrued actuarial liabilities and~~
6 ~~nothing more.~~

7 ~~(3) In the event the transfers under this section exceed eight~~
8 ~~hundred thousand dollars (\$800,000) per fiscal year, the executive secretary~~
9 ~~shall notify the Joint Interim Committee on Public Retirement and Social~~
10 ~~Security Programs which shall then review the use of the funds and the~~
11 ~~benefit provisions of the systems and the actuarial reports on the retirement~~
12 ~~systems to ensure compliance with the intended purpose of the funds.~~

13
14 SECTION 3. Arkansas Code § 24-6-304 is amended to read as follows:

15 24-6-304. Benefits - Rate of return.

16 (a) The member's monthly retirement benefit shall not change unless
17 the Arkansas State Police Officers Deferred Option Plan receives a benefit
18 increase.

19 (b)(1) Except as provided in subdivision (b)(2) of this section, a
20 member who participates in the plan shall earn interest at a rate of two (2)
21 percentage points below the rate of return of the investment portfolio of the
22 State Police Retirement System, but no less than the actuarially assumed
23 interest rate as certified by the actuary.

24 (2) Any member participating in the plan for any period of time
25 beyond his or her fifth complete year shall earn interest equal to the
26 actuarially assumed ~~interest rate~~ investment rate of return for that time.

27 (3) The interest shall be credited to the individual account
28 balance of the member on an annual basis.

29 (c) Any member who first participates in the plan beginning on the
30 effective date of this act shall earn interest equal to the actuarially
31 assumed investment rate of return only.

32
33 SECTION 4. Arkansas Code § 24-6-405 is amended to read as follows:

34 24-6-405. Eligibility for benefits - Disability retirement.

35 (a)(1)(A) Upon application filed with the Board of Trustees of the
36 State Police Retirement System by a member or by the Director of the

1 Department of Arkansas State Police on behalf of a member, a member who is in
2 the employ of the Department of Arkansas State Police, who has five (5) or
3 more years of actual service, and who becomes totally and permanently
4 incapacitated for duty in the employ of the department by reason of personal
5 injury or disease may be retired by the ~~board~~ Board of Trustees of the State
6 Police Retirement System, but only after a medical examination of the member.

7 (B) This examination shall be made by or under the direction of
8 a ~~medical committee consisting of three (3) physicians, one (1) of whom shall~~
9 ~~be selected by the board, one (1) by the member, and the third by the first~~
10 ~~two (2) physicians so named if the medical committee reports to the board, by~~
11 ~~majority opinion in writing, that the member is physically or mentally~~
12 ~~incapacitated for duty in the employ of the department, that the incapacity~~
13 ~~will probably be permanent, and that the member should be retired~~ board of
14 medical professionals as defined in the rules of the Board of Trustees of the
15 State Police Retirement System, using the active duty criteria supplied by
16 the department in determining the extent of the disability.

17 (2) The five (5) years of service requirement contained in this
18 subsection shall not apply to a member whom the ~~board~~ Board of the Trustees
19 of the State Police Retirement System finds to be in receipt of workers'
20 compensation for his or her disability arising solely and exclusively out of
21 and in the course of his or her employment with the department.

22 (b) Upon his or her retirement upon account of disability as provided
23 in subsection (a) of this section, a member shall receive a disability
24 pension computed ~~according to § 24-6-406~~ according to the contributory
25 provisions of § 24-6-214 or the noncontributory provisions of § 24-6-227, as
26 applicable.

27 (c)(1) At least ~~one~~ one (1) time each year during the first five (5)
28 years following a member's retirement on account of disability and at least
29 ~~one~~ one (1) time in every three-year period thereafter, the ~~board~~ Board of
30 the Trustees of the State Police Retirement System may, and upon the
31 retirant's application shall, require any disability retirant who has not
32 attained age ~~fifty-five (55)~~ fifty (50) to undergo a medical examination to
33 be made by or under the direction of ~~a physician designated by the board~~ the
34 medical professionals designated by the Board of Trustees of the State Police
35 Retirement System.

36 (2) If the retirant refuses to submit to a medical examination

1 in any such period, his or her disability pension may be suspended by the
 2 ~~board~~ Board of Trustees of the State Police System until his or her
 3 withdrawal of his or her refusal.

4 (3) If his or her refusal continues for one (1) year, all his or
 5 her rights in and to a disability pension may be revoked by the ~~board~~ Board
 6 of Trustees of the State Police System.

7 (4) If, upon the medical examination of the retirant, the
 8 ~~physician reports~~ medical professionals designated by the Board of Trustees
 9 of the State Police System report to the ~~board~~ Board of Trustees of the State
 10 Police System that the retirant is physically capable of performing the
 11 duties of the rank held by him or her at the time of his or her retirement,
 12 the retirant shall be returned to the employ of the department, and his or
 13 her disability pension shall be terminated.

14 (d)(1) Upon a disability retirant's return to the employ of the
 15 department as provided in subsection (c) of this section, his or her service
 16 at the time of his or her retirement shall be restored to his or her credit.

17 (2) He or she shall be given service credit for the period he or
 18 she was receiving a disability pension if within that period he or she was in
 19 receipt of workers' compensation on account of his or her department
 20 employment.

21 (e) In the event a disability retirant who has not attained age fifty-
 22 five (55) performs personal services in an occupation, business, or
 23 employment, his or her disability pension shall be reduced so that the sum of
 24 his or her disability pension and the compensation received by him or her
 25 from the occupation, business, or employment shall not exceed his or her
 26 annual rate of salary at the time of his or her retirement.

27
 28 SECTION 5. Arkansas Code § 24-6-415 is repealed.

29 ~~24-6-415. Exclusion from deferred retirement option plan.~~

30 ~~Members of the State Police Retirement System participating in the~~
 31 ~~benefit program provided by this subchapter shall not be eligible for~~
 32 ~~participation in the deferred retirement option plan provided in § 24-6-301~~
 33 ~~et seq.~~

34
 35 SECTION 6. Arkansas Code Title 24, Chapter 6, Subchapter 4 is amended
 36 to add an additional section to read as follows:

24-6-416. Participation in Arkansas State Police Officers Deferred Option Plan for members hired beginning April 3, 1997.

On the effective date of this act, all members of the State Police Retirement System first hired beginning April 3, 1997, may participate in the Arkansas State Police Officers Deferred Option Plan under § 24-6-301 et seq. upon attainment of eligibility for a retirement benefit under § 24-6-404(a)(2) and (3).

SECTION 7. EMERGENCY CLAUSE. It is found and determined by the General Assembly of the State of Arkansas that this act makes revisions to benefits received by certain members of the State Police Retirement System and that the ideal time to make revisions to the system is at the beginning of the state's fiscal year. Therefore, an emergency is declared to exist and this act being immediately necessary for the preservation of the public peace, health, and safety shall become effective on:

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

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

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

/s/ Burris