

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: S3/13/07

# A Bill

SENATE BILL 149

5 By: Senator Faris  
6  
7

## For An Act To Be Entitled

9 AN ACT TO AMEND CERTAIN PROVISIONS OF ARKANSAS  
10 LAW CONCERNING BENEFITS UNDER THE STATE POLICE  
11 RETIREMENT SYSTEM; AND FOR OTHER PURPOSES.  
12  
13

### Subtitle

15 AN ACT TO AMEND CERTAIN PROVISIONS OF  
16 ARKANSAS LAW CONCERNING BENEFITS UNDER  
17 THE STATE POLICE RETIREMENT SYSTEM.  
18  
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, who  
8 shall serve as a nonvoting member by virtue of his or her position; and

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

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

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

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

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

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

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

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

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

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

36 (3)(A) The executive secretary shall be the disbursing agent of

1 all appropriations made by the General Assembly out of the State Police  
2 Retirement Fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

36 (5) Exercise discretionary power and authority in the

1 investments and disbursements of the funds of the system, subject to the  
2 provisions of this subchapter;

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

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

9  
10 SECTION 2. Arkansas Code § 24-6-209 is amended to read as follows:  
11 24-6-209. Employer's contribution.

12 (a) The Department of Arkansas State Police, as employer, shall make  
13 contributions to the State Police Retirement System of twenty-two percent  
14 (22%) of active member payroll.

15 (b)(1) At the request of the Executive Secretary of the State Police  
16 Retirement System, the Director of the Department of Finance and  
17 Administration shall make annual transfers on each June 30 to the State  
18 Police Retirement System from the remainder of insurance premium taxes  
19 enumerated in § 19-6-301(27) before those taxes are transferred to ~~General~~  
20 ~~Revenues~~ general revenues enumerated in § 19-6-201(19) the amounts of money  
21 necessary to amortize the unfunded liabilities over a period not to exceed  
22 thirty (30) years ~~for those members not covered by the provisions of § 24-6-~~  
23 ~~401 et seq.~~

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

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

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

1 license reinstatement fees provided by § 27-16-808.

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

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

8 ~~(3)(6) In the event the transfers under this section exceed~~  
9 ~~eight hundred thousand dollars (\$800,000) per fiscal year, the executive~~  
10 ~~secretary shall notify the Joint Interim Committee on Public Retirement and~~  
11 ~~Social Security Programs which shall then review the use of the funds and the~~  
12 ~~benefit provisions of the systems and the actuarial reports on the retirement~~  
13 ~~systems to ensure compliance with the intended purpose of the funds.~~

14  
15 SECTION 3. Arkansas Code § 24-6-304 is amended to read as follows:  
16 24-6-304. Benefits - Rate of return.

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

20 ~~(b)(1) Except as provided in subdivision (b)(2) of this section, a~~  
21 ~~member who participates in the plan shall earn interest at a rate of two (2)~~  
22 ~~percentage points below the rate of return of the investment portfolio of the~~  
23 ~~State Police Retirement System, but no less than the actuarially assumed~~  
24 ~~interest rate as certified by the actuary A member who participates in the~~  
25 ~~plan shall earn interest at a rate set by the board of trustees of the State~~  
26 ~~Police Retirement System which shall not be greater than the actuarially~~  
27 ~~assumed investment rate of return for that time.~~

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

31 ~~(3)(2) The interest shall be credited to the individual account~~  
32 ~~balance of the member on an annual basis.~~

33  
34 SECTION 4. Arkansas Code § 24-6-405 is amended to read as follows:  
35 24-6-405. Eligibility for benefits - Disability retirement.

36 (a)(1)(A) Upon application filed with the Board of Trustees of the

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

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

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

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

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

1 (2) If the retirant refuses to submit to a medical examination  
2 in any such period, his or her disability pension may be suspended by the  
3 ~~board~~ Board of Trustees of the State Police System until his or her  
4 withdrawal of his or her refusal.

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

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

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

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

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

28  
29 SECTION 5. EMERGENCY CLAUSE. It is found and determined by the  
30 General Assembly of the State of Arkansas that this act affects the benefits  
31 of certain members of the State Police Retirement System and that this act  
32 should become effective immediately to allow members of the system to  
33 properly plan their retirement and to allow the system appropriate time to  
34 implement the provisions of the act. Therefore, an emergency is declared to  
35 exist and this act being necessary for the preservation of the public peace,  
36 health, and safety shall become effective on:

- 1                   (1) The date of its approval by the Governor;
- 2                   (2) If the bill is neither approved nor vetoed by the Governor,
- 3 the expiration of the period of time during which the Governor may veto the
- 4 bill; or
- 5                   (3) If the bill is vetoed by the Governor and the veto is
- 6 overridden, the date the last house overrides the veto.

7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35  
36

/s/ Faris